

U.S. AIR FORCE

FY05 Budget



Major General Stephen Lorenz
Air Force Director of Budget

Air & Space Power

- **Air & Space Power Is an Integral Part of Joint Warfighting Capability**
- **Events in 2003 Show How the Air Force is Fully Integrated with DoD Priorities**
- **The FY05 Budget Will Continue the Transformation of the Air Force By Investing in a Portfolio of Military Advantages**



Airmen Are Contributing Immensely to the Joint Synergy of Operations Enduring Freedom & Iraqi Freedom - But Threats Remain



The Threat of Global Terror Remains

Terror Strikes



The Global War on Terrorism Continues on Many Fronts and The U.S. Air Force Remains Engaged Throughout the World



Global Engagement of Air & Space Expeditionary Forces



Global Engagement of Air & Space Expeditionary Forces



- Today There Are More Than **80,000** USAF Personnel Permanently Assigned Overseas
- In Addition, Approximately **22,000** USAF Total Force Personnel Are Currently Deployed To Support Worldwide Operations -- Compared to **60,000 at Height of OIF**

One Month During the Height of Operation Iraqi Freedom

54,955 Air Force People Deployed

36 Expeditionary Airfield locations (12 new)

24,196 USAF sorties flown

37,065 Munitions dropped

863 USAF aircraft employed

9,662 Passengers transported

1,572 Patients medevac'd

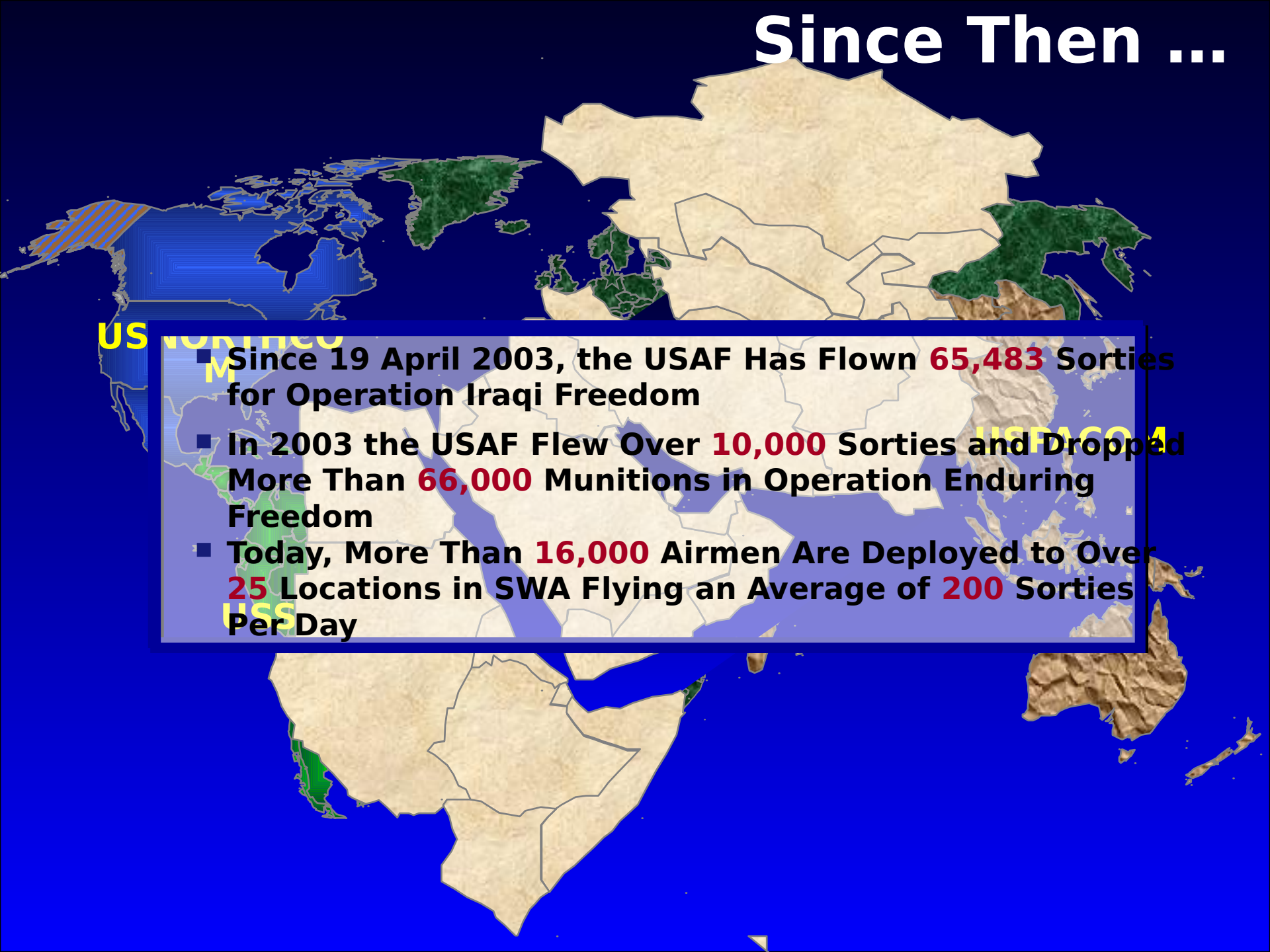
954 Airborne troops paradropped

376,391,000 Pounds of fuel off-loaded

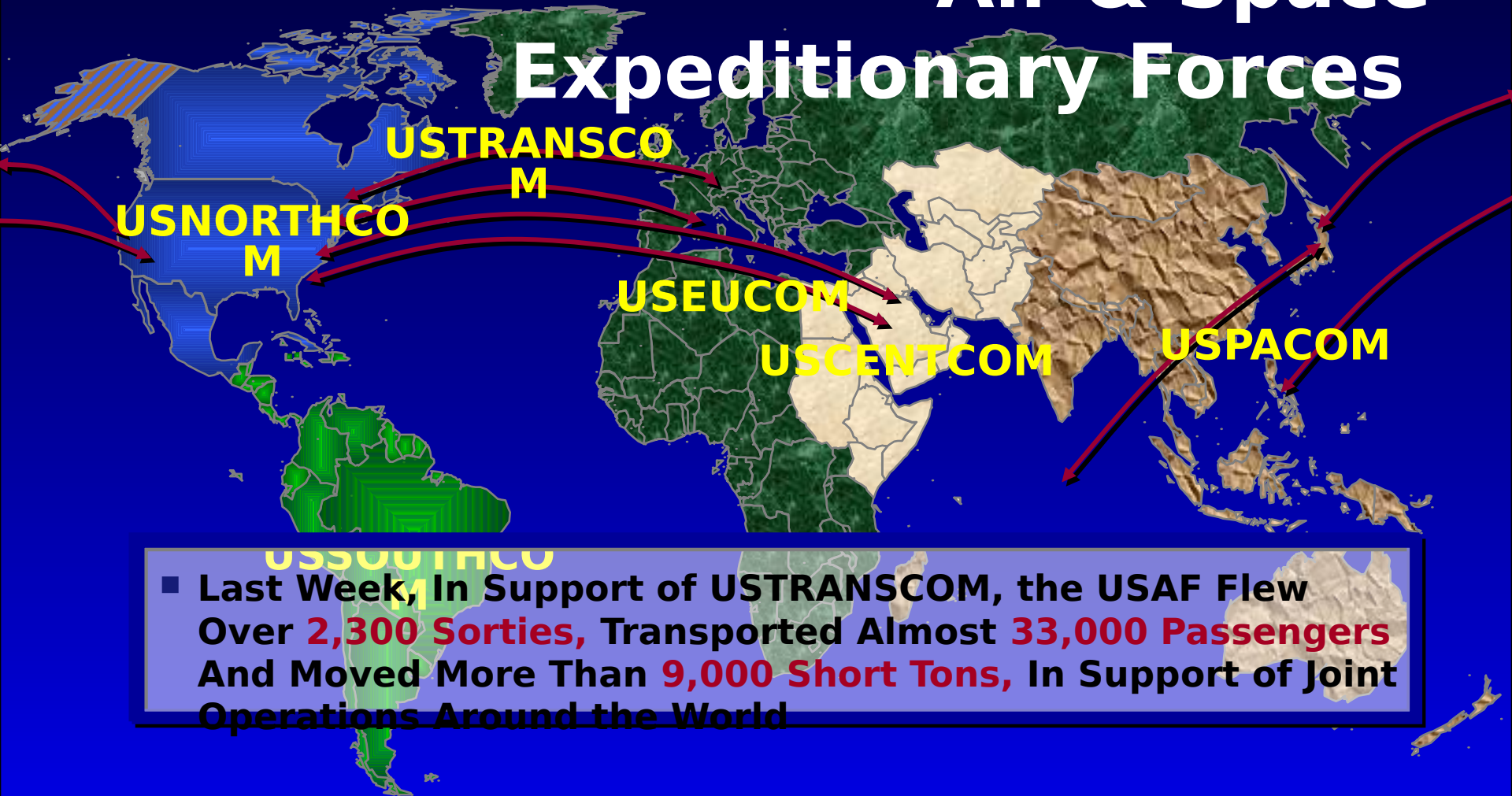
842 Targets of opportunity attacked

55 Combat Search & Rescue missions

Since Then ...

- 
- Since 19 April 2003, the USAF Has Flown **65,483** Sorties for Operation Iraqi Freedom
 - In 2003 the USAF Flew Over **10,000** Sorties and Dropped More Than **66,000** Munitions in Operation Enduring Freedom
 - Today, More Than **16,000** Airmen Are Deployed to Over **25** Locations in SWA Flying an Average of **200** Sorties Per Day

Global Engagement of Air & Space Expeditionary Forces



- Last Week, In Support of USTRANSCOM, the USAF Flew Over **2,300 Sorties**, Transported Almost **33,000 Passengers** And Moved More Than **9,000 Short Tons**, In Support of Joint Operations Around the World

USSTRATCOM

Global Engagement of Air & Space Expeditionary Forces

USTRANSCOM

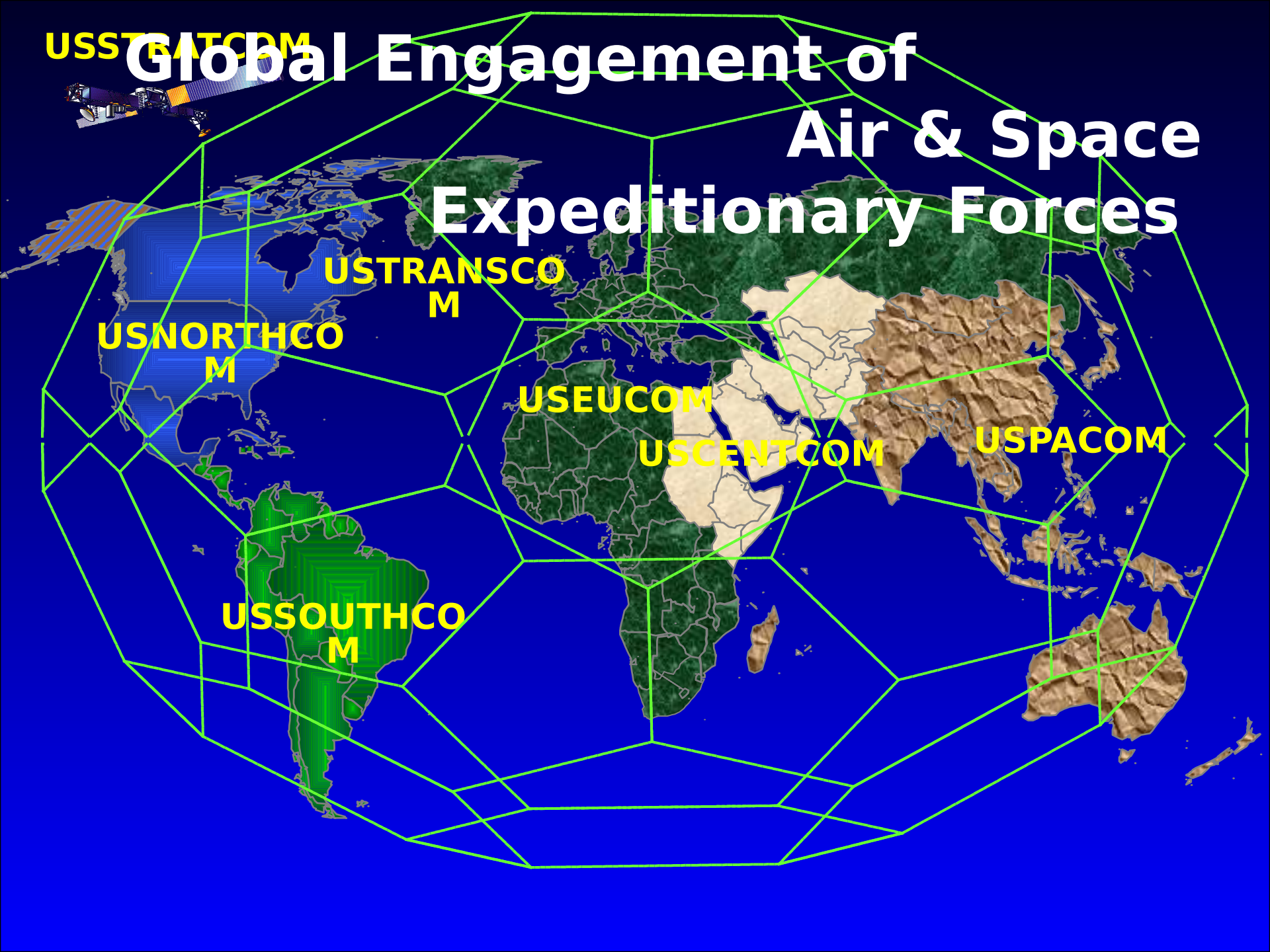
USNORTHCOM

USEUCOM

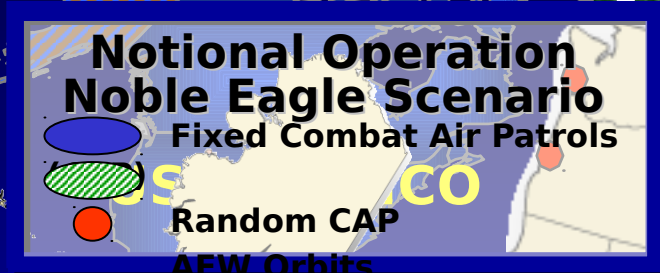
USCENTCOM

USPACOM

USSOUTHCOM



Global Engagement of Air & Space Expeditionary Forces



- Since September 11th 2001, the USAF Has Flown More Than **34,000** Sorties Defending the Homeland in Operation Noble Eagle Including **25,000** Fighter Sorties; **1,300** Airborne Early Warning Sorties; and **8,300** Tanker Sorties Offloading **32** Million Pounds of Fuel
- The USAF Has Scrambled More Than **1,700** Missions in Response to **800** Tracks of Interest
- In 2003, Over **2,400** Airmen Stood Vigilant at Air Defense Sector Operations Centers and Radar Sites Across the Continent

Air Force People Make This Happen By Focusing On Our Core Competencies

Developing Airmen:

Define our requirements and then renew, develop, and sustain the force to get the right people, to the right place, at the right time, with the right skills

Integrating Operations:

Create war-winning effects by integrating capabilities at the strategic, organizational, and the machine-to-machine levels

Technology-to-Warfighting:

Think in new ways and consider new combinations of systems that create distinctive capabilities for the joint warfighter



As an Integral Part of the Joint Team, America's Investment in Air & Space Power Pays Huge Dividends in Capabilities



The Capabilities Expected of Our Air Force

Global Strike --

Employs joint power projection capabilities to engage anti-access and high value targets, gain access to denied battlespace

Global Persistent Attack --

Provides a spectrum of capabilities from major combat to peacekeeping and sustainment operations

Homeland Security --

Leverages AF capabilities with joint and inter-agency efforts to prevent, protect, and respond to threats against our homeland

Nuclear Response --

Provides the deterrent umbrella under which conventional forces operate and if deterrence fails builds a scaleable response

Space / C4ISR --

Harness the integration of manned, unmanned and space systems to provide persistent situation awareness and executable decision-quality information to the Joint Forces Commander

Global Mobility --

Provides Combatant Commanders with the planning, command and control, and operations capabilities to enable timely and effective projection, employment, and sustainment of U.S. power in support of the U.S. global interests



So How Does Our FY05 Budget Make This Happen?

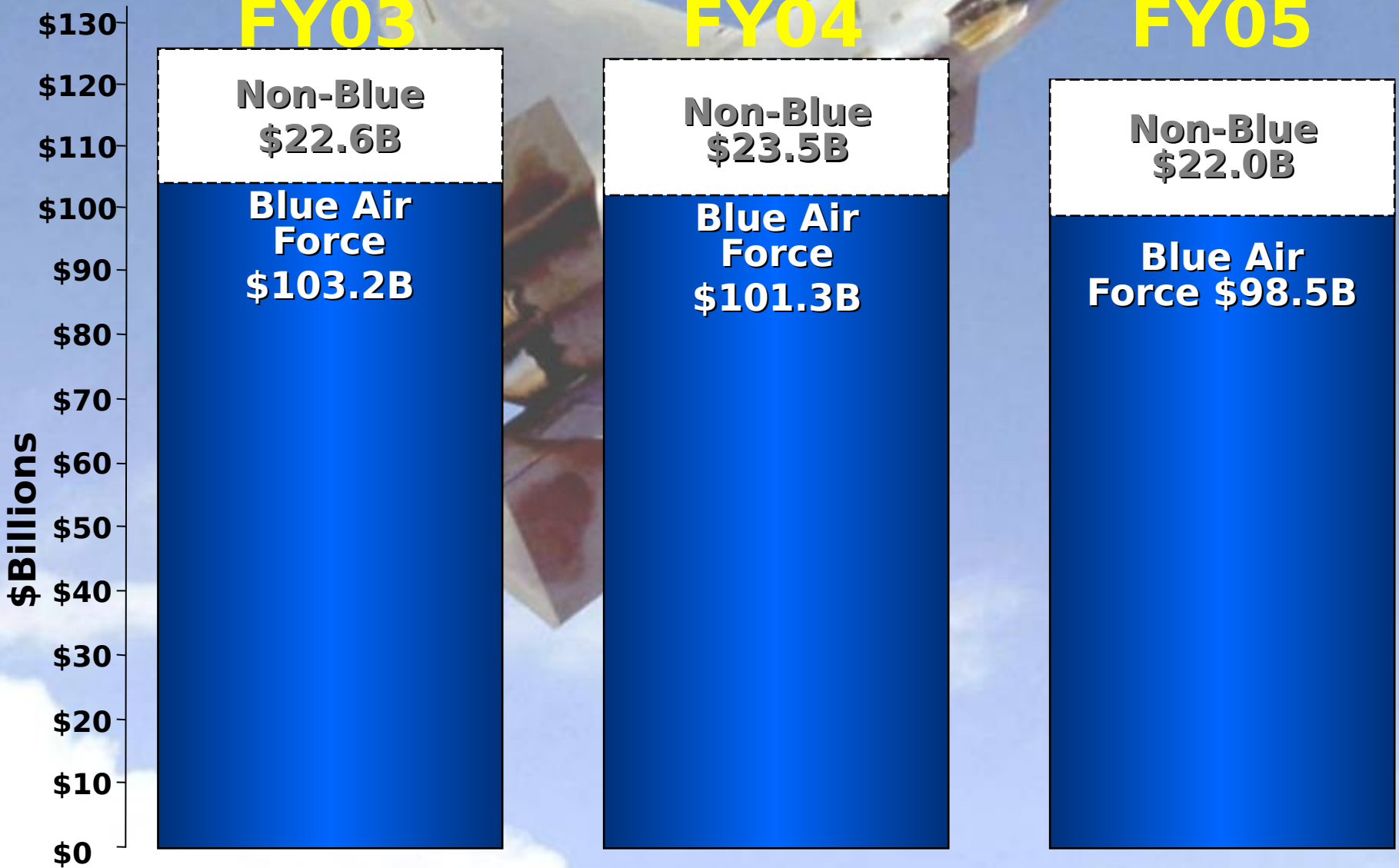


Air Force Budget FY03 - FY05 Comparison

FY03

FY04

FY05

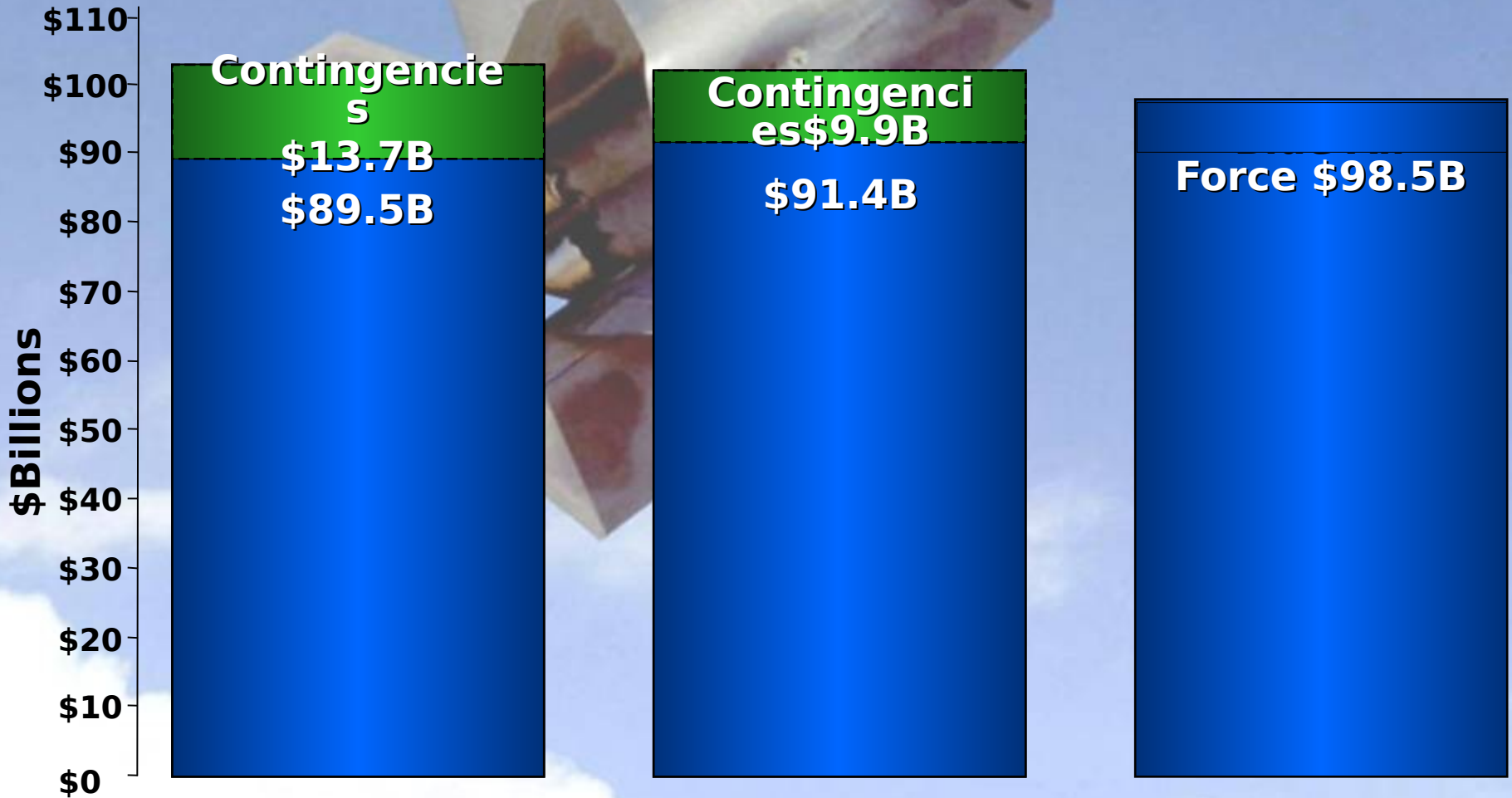


Air Force Budget FY03 - FY05 Comparison

FY03

FY04

FY05



Air Force Budget FY03 - FY05 Comparison

FY03

FY04

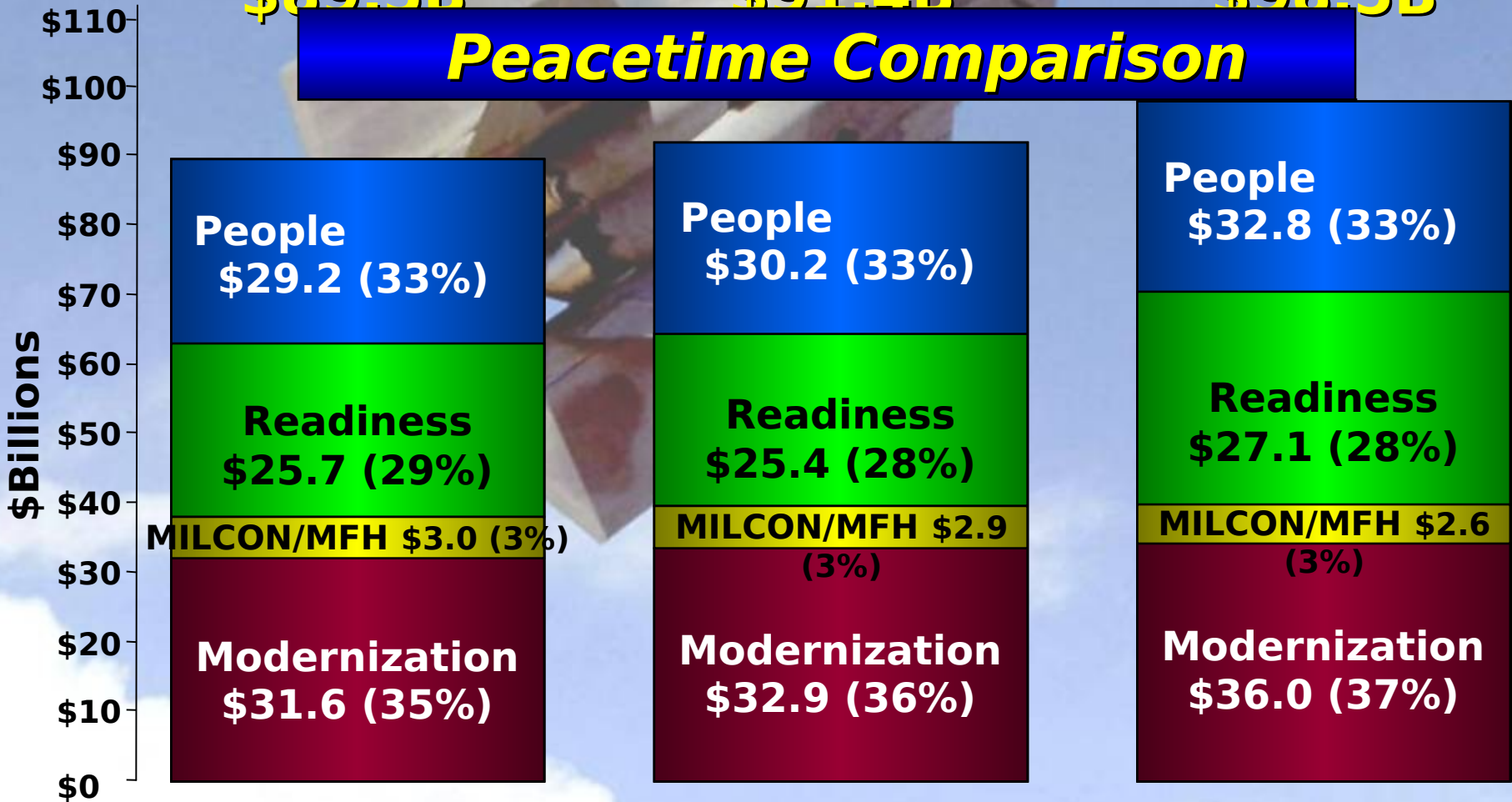
FY05

\$89.5B

\$91.4B

\$98.5B

Peacetime Comparison



Air Force Budget

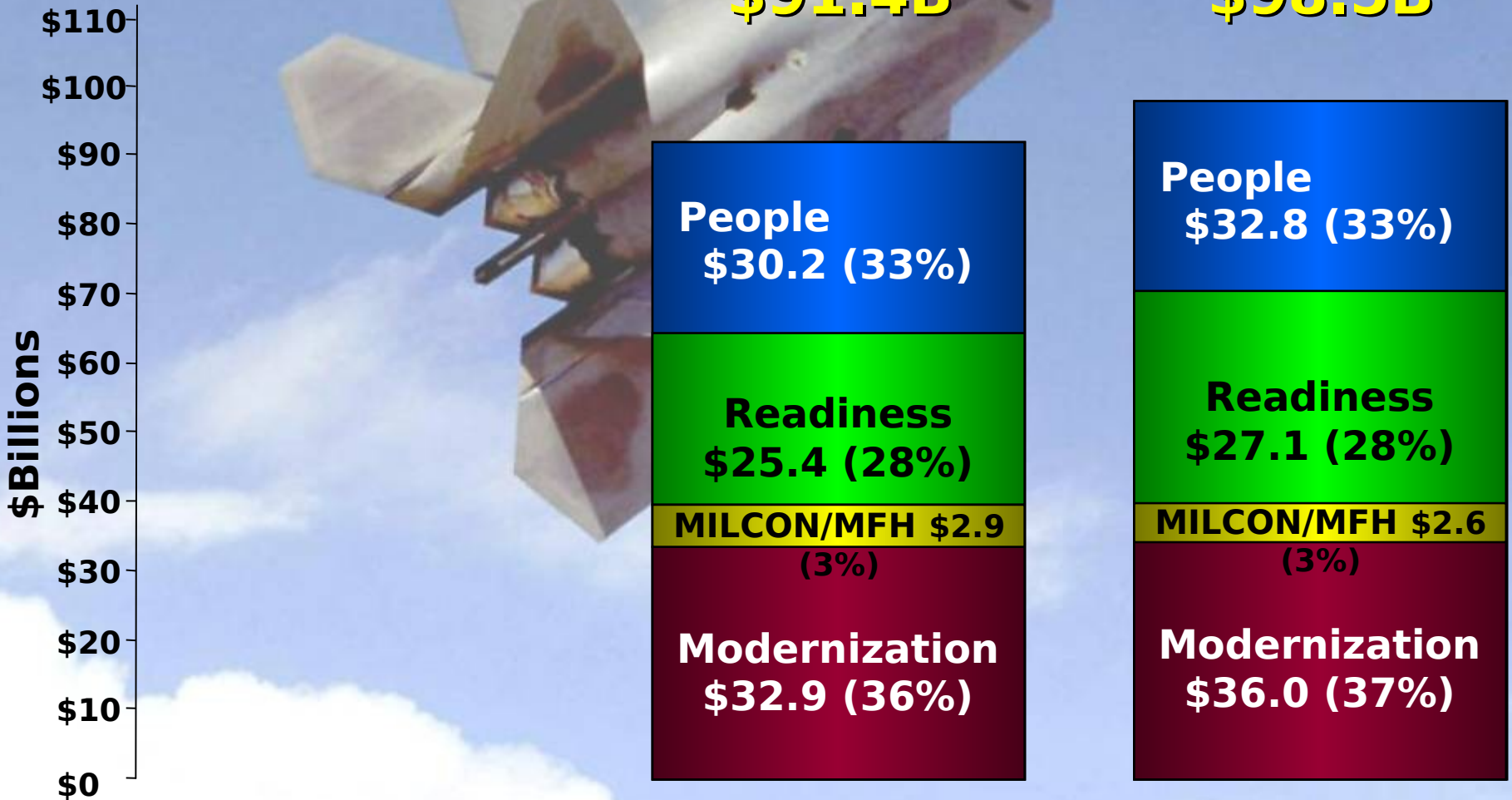
FY04 - FY05 Changes

FY04

FY05

\$91.4B

\$98.5B



Air Force Budget

FY04 - FY05 Changes

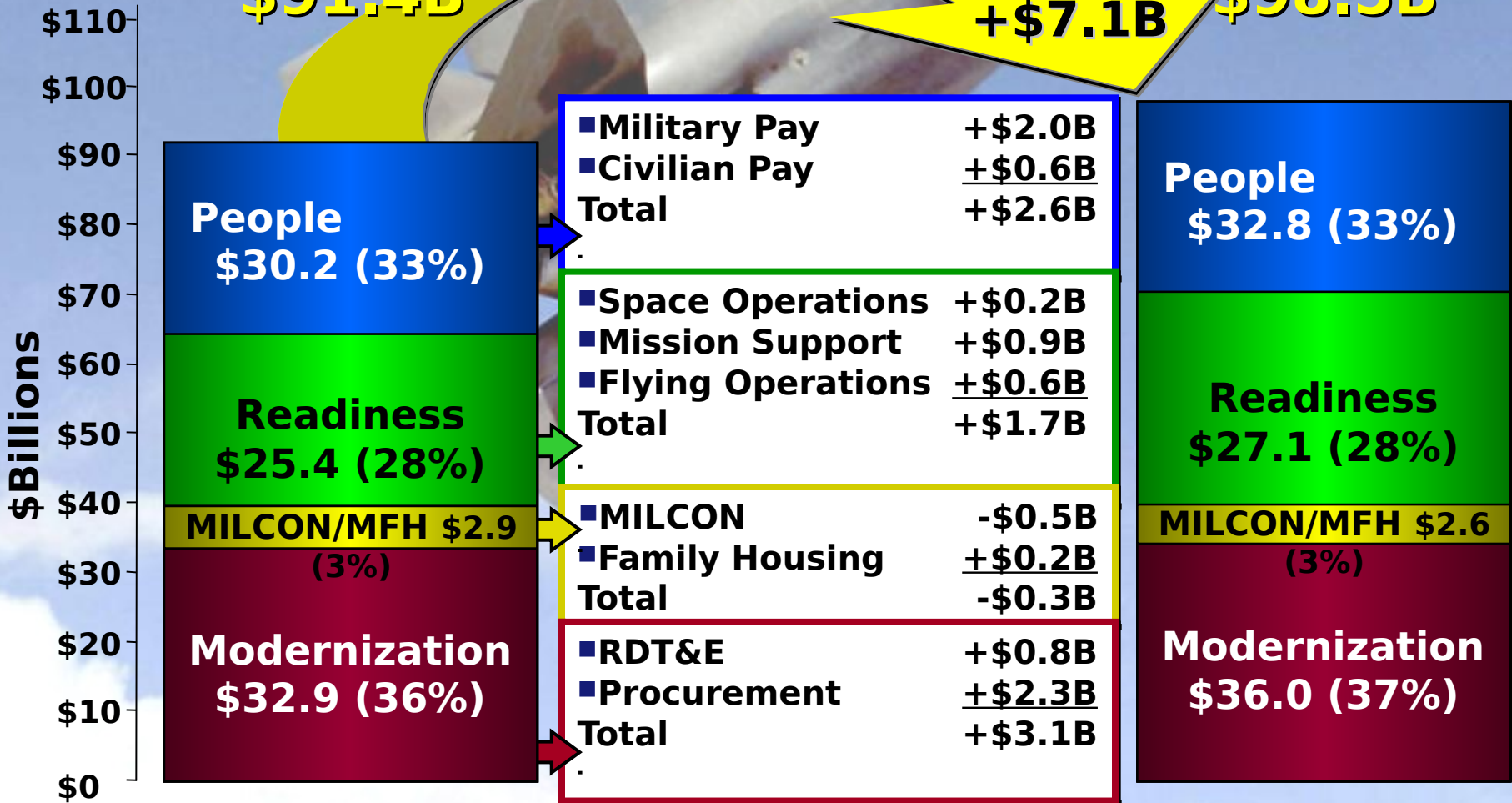
FY04

FY05

\$91.4B

+\$7.1B

\$98.5B



Air Force Budget

FY04 - FY05 Changes

FY04

FY05

\$91.4B

\$98.5B

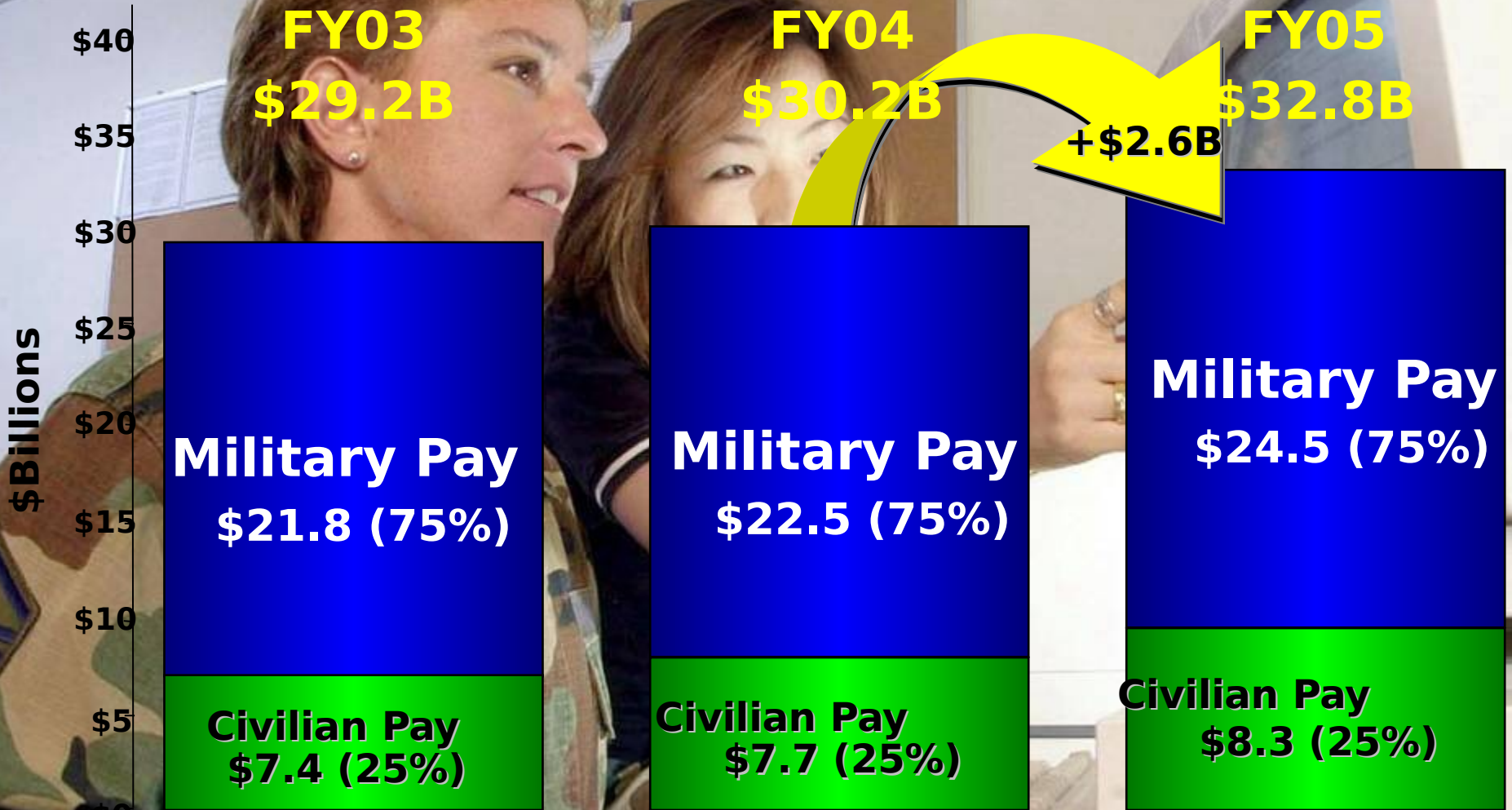
Real Growth: +\$5.1B



**Taking Into Account Inflation
FY05 Has a Balanced Real Growth of \$5.1B**



People FY03 - FY05 Comparison



***Continues to Support Our Number 1 Resource -
People!***



Total Force Endstrength & Force Management

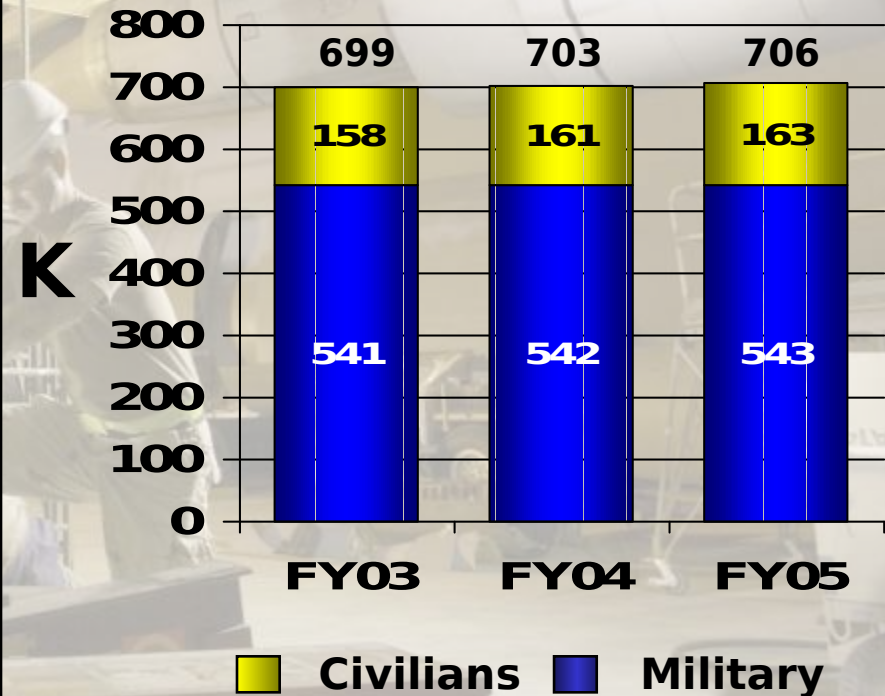
Background

- **Total force of 705,542**
- **Military Total of 542,561 (+431)**
 - **Active: 359,700 (+400)**
 - **Guard: 106,800 (-230)**
 - **Reserve: 76,100 (+300)**
- **Civilian total of 162,981 (+2,178)**

FY05 Endstrength

- **Increased civilians to relieve stressed military**
- **Funding fully supports**

**Military and Civilian
Force Endstrength**



**Balancing the Military to Civilian Mix
to Maintain a Combat Ready Force**



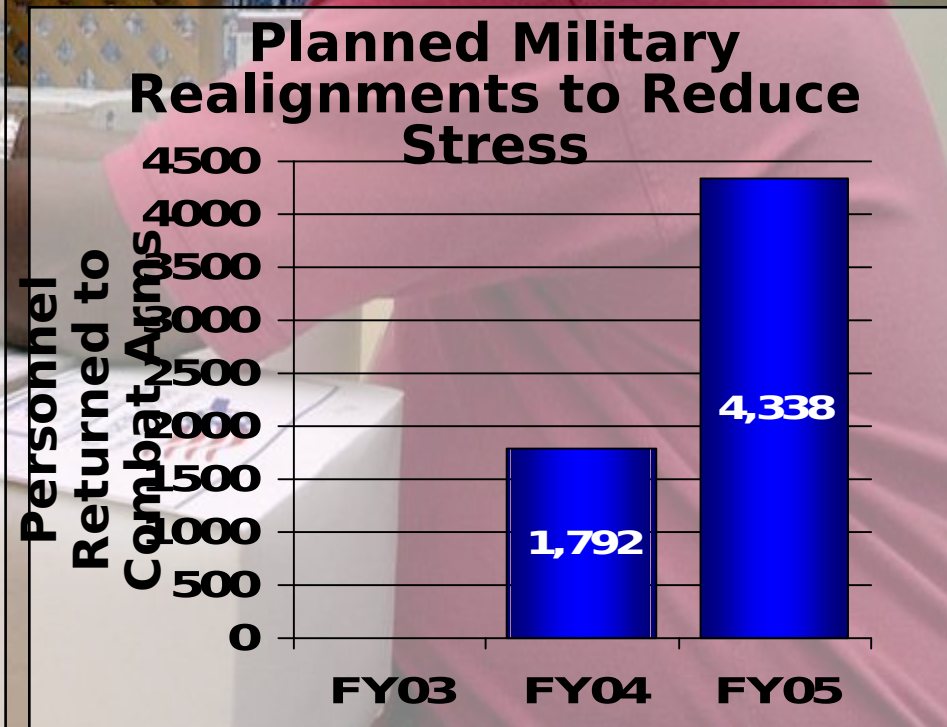
Background

- *DoD goal to realign 20,000 military to combat arms / support by FY05. AF share is 4,338*
- *Adds positions to AF's most stressed career fields*
- *Frees military to perform military-essential duties and increase our deployment capability*
- *Includes reengineering as a viable means to reduce costs and free military for realignment to stressed areas*

FY05 Funding

- *3,258 civilians funded returning 4,338 military to*

Managing Demand on the Force



Helping to Relieve Stress on the Military



Compensation

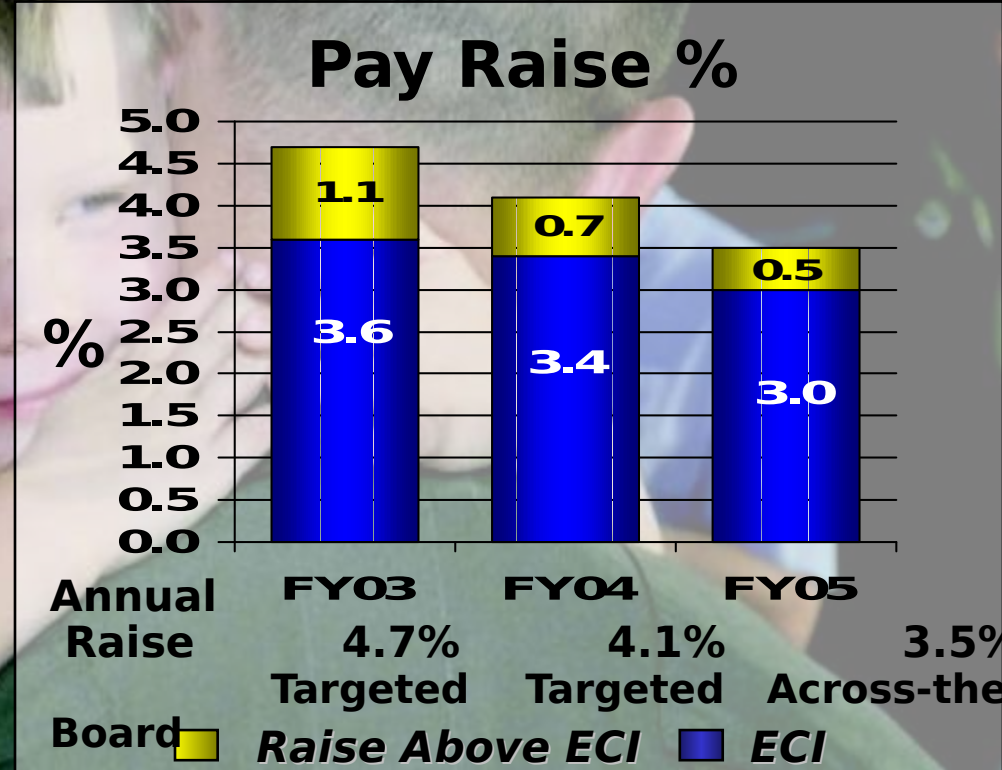
Military Pay Raise

Background

- *Continues toward our goal of bringing military compensation closer to private sector*
- *4th year in a row military compensation raise exceeds Economic Consumer Index (ECI)*

FY05 Funding

- *Fully funds a 3.5% pay raise*



Pay Compensation is a Key Component of Recruiting and Retaining a World Class AF



Compensation Basic Allowance for Housing (BAH)

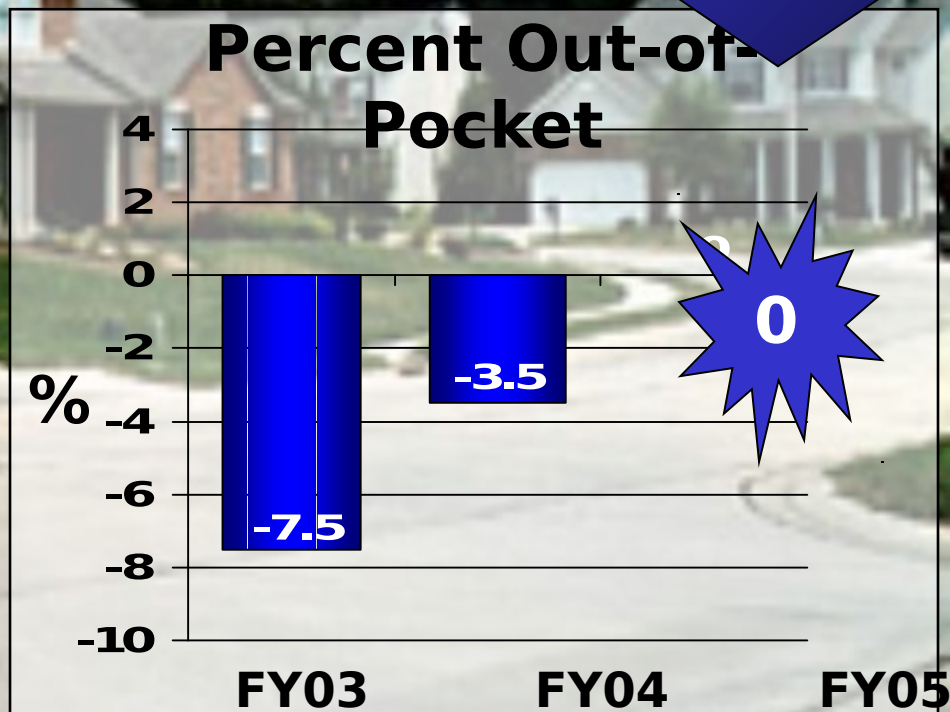
Achieved Goal!
No Out of Pocket Expense

Background

- *Achieves 5 year SECDEF initiative to reduce out-of-pocket housing expenses to zero by 2005.*

FY05 Funding

- *Fully funds BAH program.*



***Achieving the BAH Goal Ensures Quality Off-base
Living for Our Airmen and Their Families***



Compensation

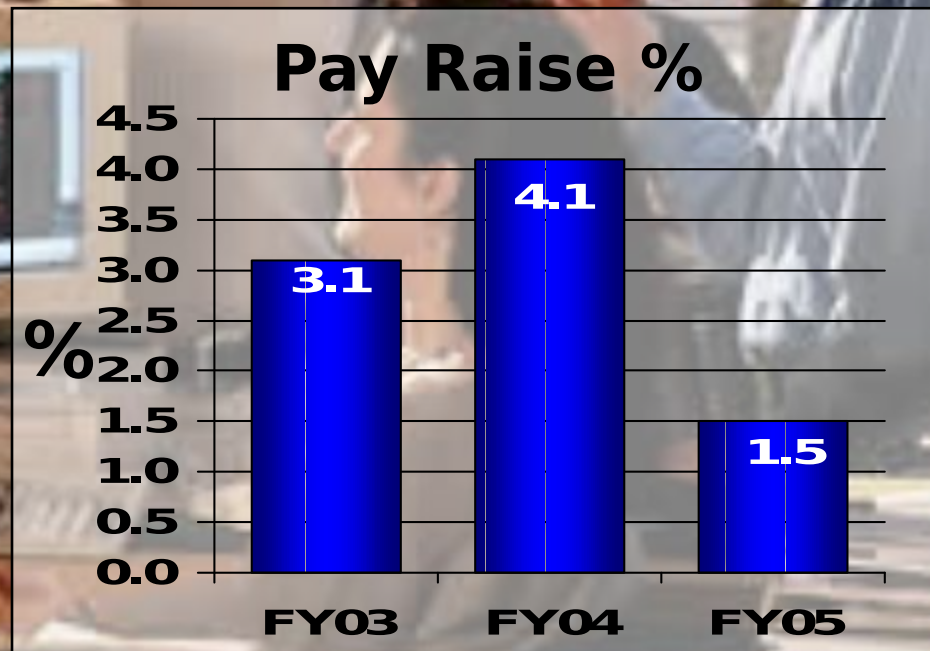
Civilian Pay Raise

Background

- *FY05 Projected Rates based on Consumer Price Index for Wages (CPIW) as a economic measure for salary comparability_*

FY05 Funding

- *Fully funds 1.5% pay raise*



Fully Funds OPM-Approved 1.5 Percent Pay Raise for Federal Civilians



Background

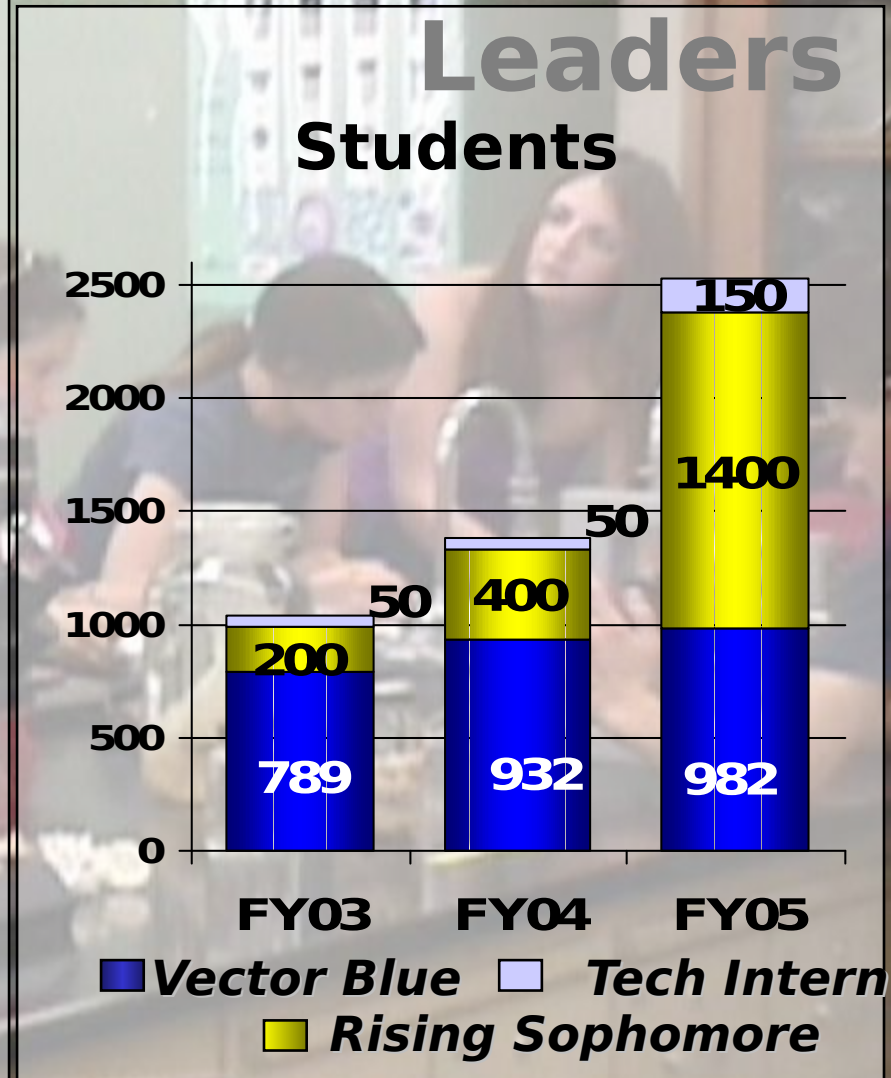
- ***AF Institute of Technology (AFIT) Vector Blue***
 - ***Program for Active Duty members to obtain Graduate Degrees***
- ***Rising Sophomore Program***
 - ***Motivates ROTC cadets to increase commitment to AF career and decrease attrition between freshman and sophomore years by sending them to AF Bases as interns***
- ***Technical Intern Student Program***
 - ***Aiming at AF “high tech” needs***
 - ***Recruits technical students for a military or civilian career***

FY05 Students

- ***Funds for tuition, transportation, meals and***

Developing Future AF

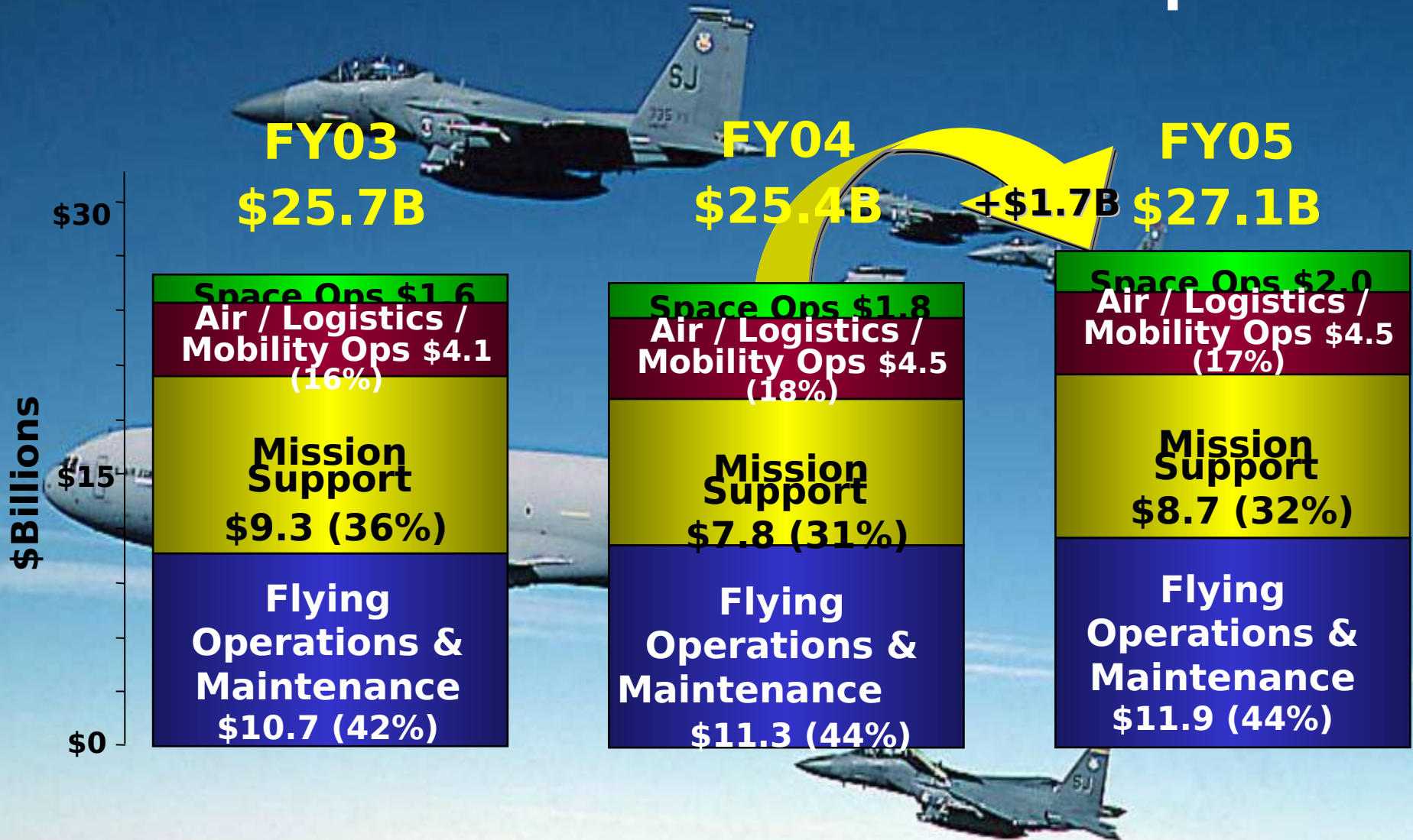
Leaders Students



Attracting Today's Quality People for Tomorrow's Air Force



Readiness FY03 - FY05 Comparison



The FY05 Budget Sustains Readiness

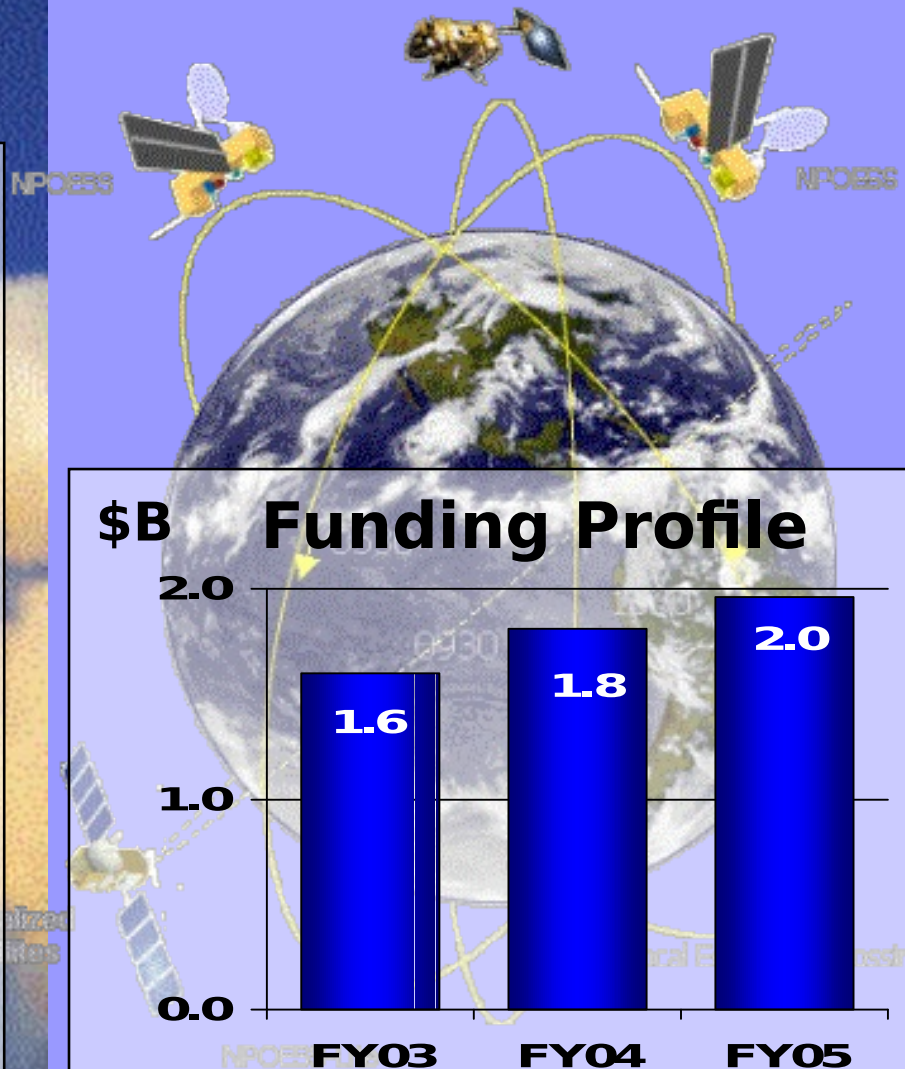
Space Operations

Background

- *Space systems provide communication and situational awareness for joint decision makers at all levels*

FY05 Funding

- *Satellite communications, intelligence, and navigation for the warfighter*
- *Space launch capability*
- *Ballistic missile detection*



***AF Space Readiness Is a Force Multiplier
for Joint Combatant Commanders***



Background

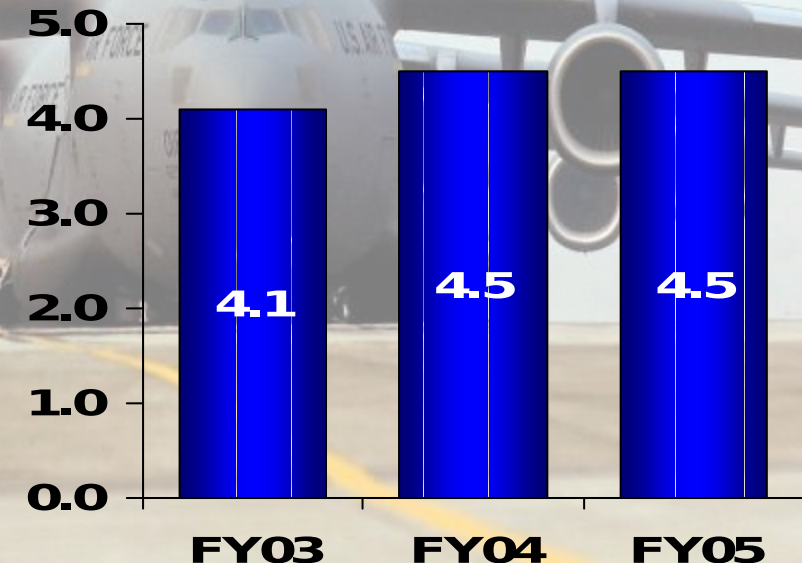
- *Air Ops funds Squadron Ops, Range Ops, and Distributed Mission Operations training*
- *Logistics Ops funds worldwide transportation, logistics readiness requirements and acquisition product centers*
- *Mobility Ops supports strategic and tactical airlift squadrons and war reserve material*

FY05 Funding

- *Funding continues to support warfighter*

Air / Logistics / Mobility Operations

\$B Funding Profile



Trains, Supports, and Equips Aircrews to Sustain Readiness



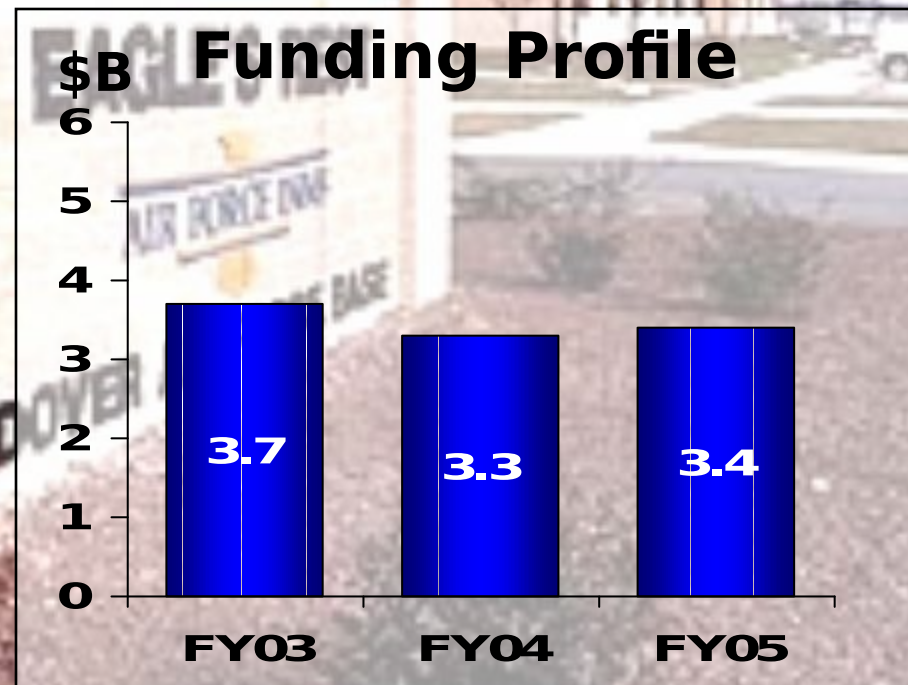
Mission Support Base Support

Background

- *Provides funding for Base Operating Support functions, Real Property Services engineering program, Environmental programs, Base Communications, and quality of life programs such as Child Development and Family Support*
- *Insures installations can support Air Force personnel and mission accomplishment*

FY05 Funding

- *Provides day-to-day essential base support and funds real property services at 95% of*



Essential to Combat Operations



Mission Support Facility Sustainment, Restoration, and Modernization (FSRM)

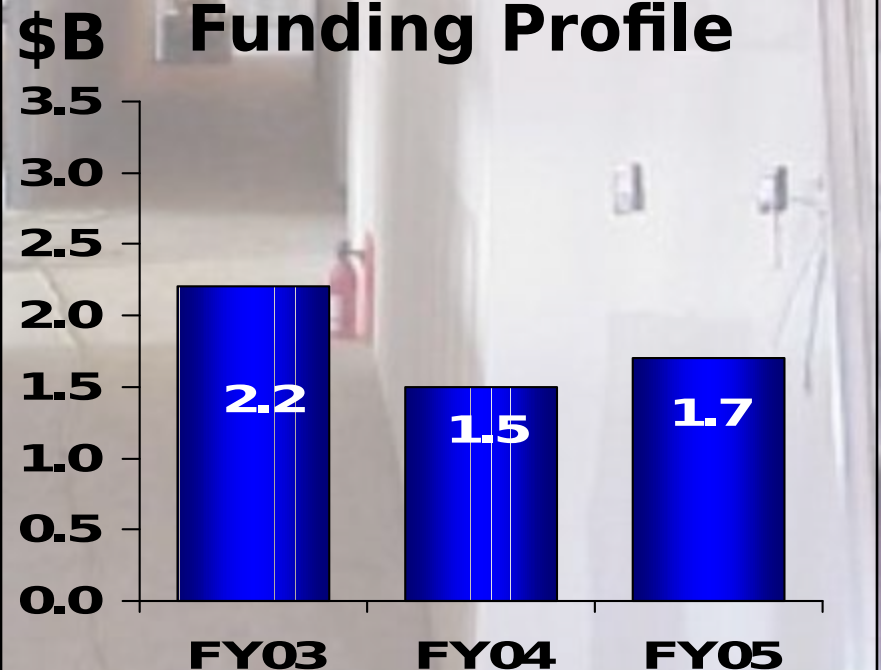
Background

- *FSRM funds day-to-day facility maintenance, facility repairs, and modernization needs*

FY05 Funding

- *FY05 Facility Sustainment Model (FSM) funded at 95% and meets DoD goal*

Funding Profile



Quality Facilities for Air Force People



Background

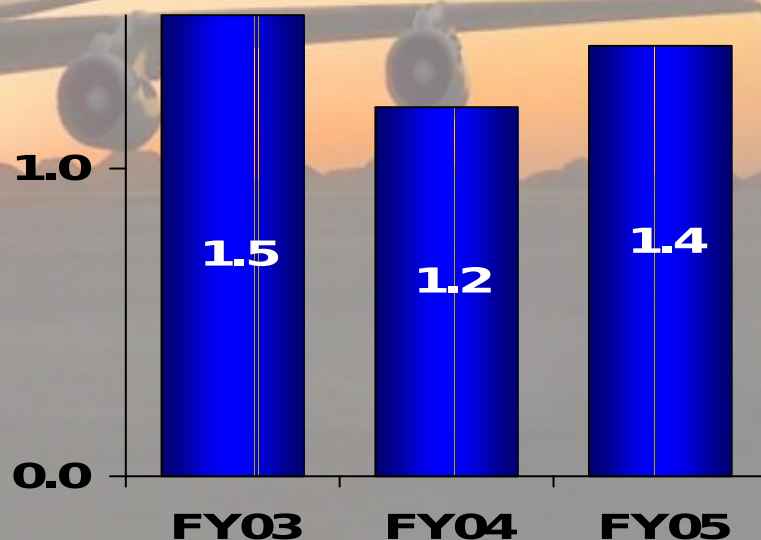
- *Provides Air Operation Centers critical communications support, special reconnaissance (UAVs), and Air Force-wide communications*

FY05 Funding

- *Standardizes Air Operations Centers*
- *Operates Unmanned Aerial Vehicles*
- *Deploys communications for Combatant Commanders*
- *Purchases secure communications telephones*
- *Stabilizes and protects unclassified internet*

Mission Support Critical Communications

\$B Funding Profile



***Deliver World-Class Expeditionary Combat Support
Anywhere, Anytime***



Flying Operations & Maintenance Flying Hour Program

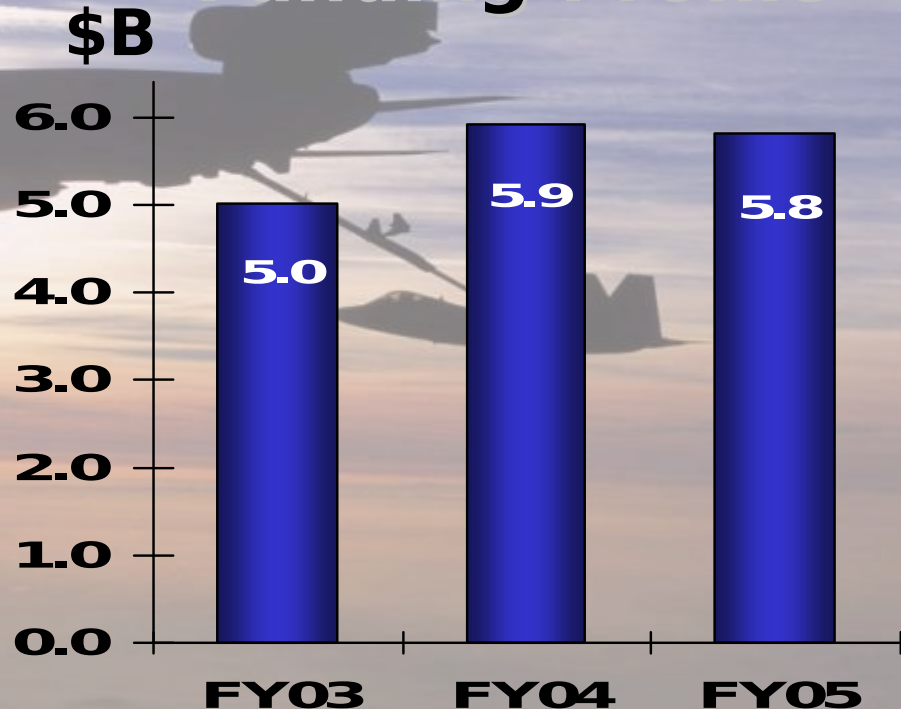
Background

- *Funds consumables, reparable spare parts and jet fuel*

FY05 Funding

- *Supports 1.7 million hours required to maintain readiness*

Funding Profile



**AF Fully Funded Flying Hour Program
to Support the Aircrew Readiness
Levels**





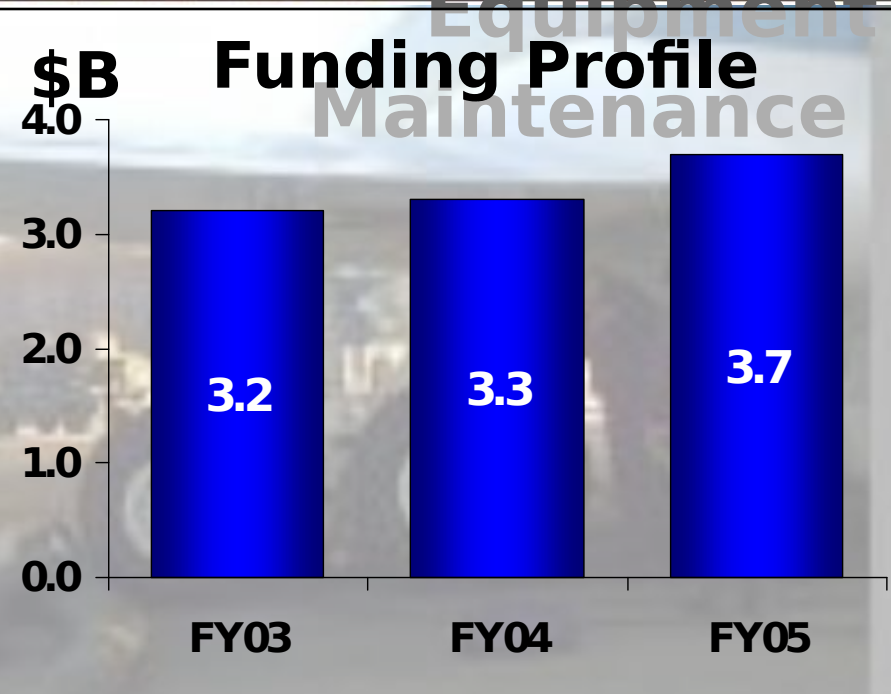
Flying Operations & Maintenance Depot Purchase Equipment

Background

- *Provides depot maintenance for the Air Force to include aircraft, missile, software maintenance, and engine overhauls*

FY05 Funding

- *Depot Maintenance funded to maintain preferred readiness levels*



Funded to Ensure We're Always Ready For the Fight!



Flying Operations & Maintenance Contract Logistics Support (CLS)

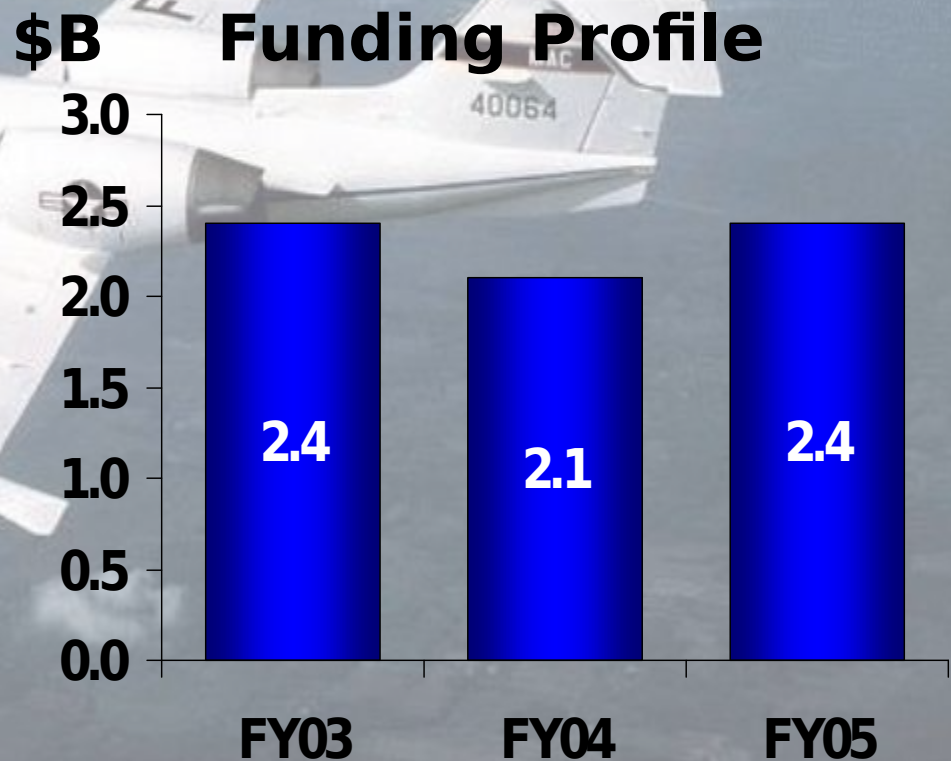
Background

- *Provides contract maintenance support to field operations*

FY05 Funding

- *Funds CLS to maintain aircrew readiness levels*

Funding Profile

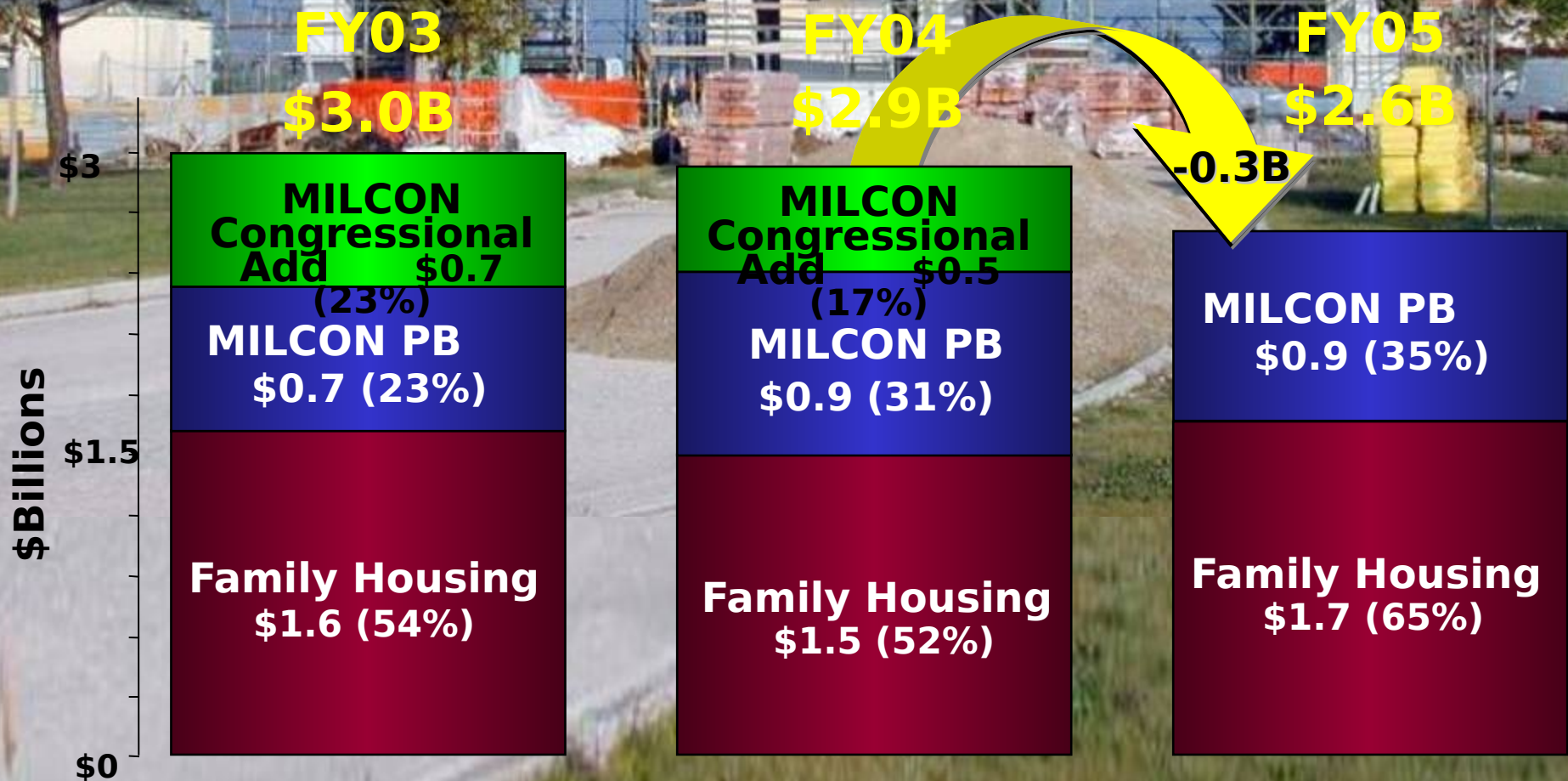


Contract Logistics Support Funds Specialized Expertise to Support the Warfighter



MILCON / Military Family Housing

FY03 - FY05 Comparison



The FY05 Budget Maintains Infrastructure at the FY04 Requested Level



Military Construction (MILCON)

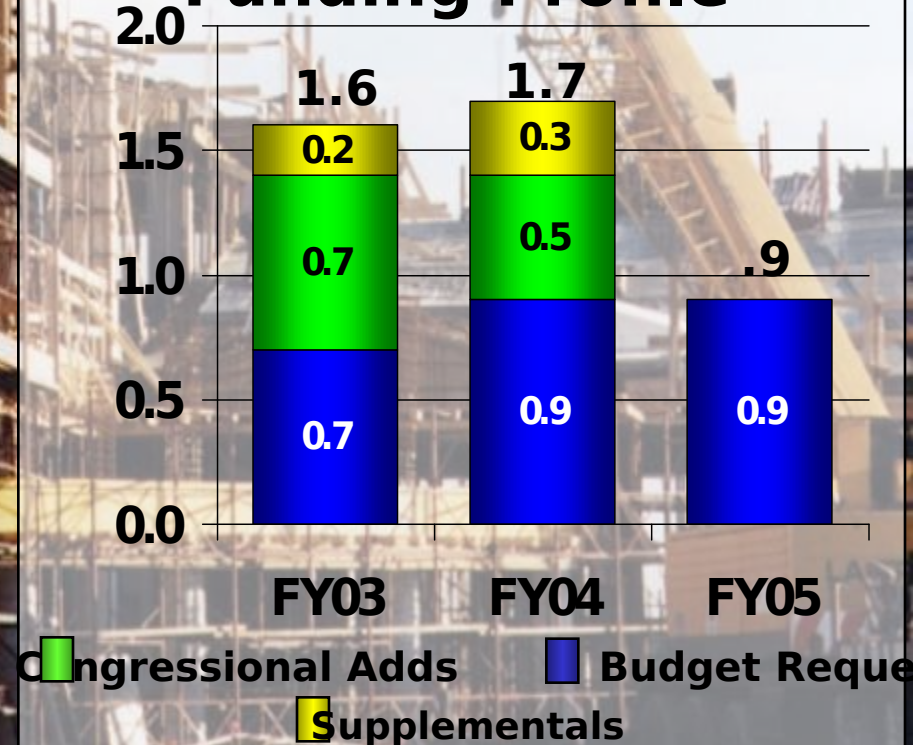
Background

- *Balances critical new mission beddowns, force structure changes, and quality of life projects*

FY05 Funding

- *\$876M request is 11% increase over amount projected for FY05 in last year's PB*
- *48% New Mission - 47 projects*
- *12% Current Mission - 11 projects*
- *20% Quality of Life (7 dorms, 3 fitness centers, 1 child development center, 1 chapel center)*
- *20% for design, minor*

\$B Funding Profile



On Target to Reduce Our Recap Rate to 67 Years by FY08



- **AF MFH consists of 102,000 units**
- **Funds construction, replacement, improvement, privatization, operations, maintenance, utilities, and leasing of family housing units**

Military Family Housing (MFH)

FY05 Funding

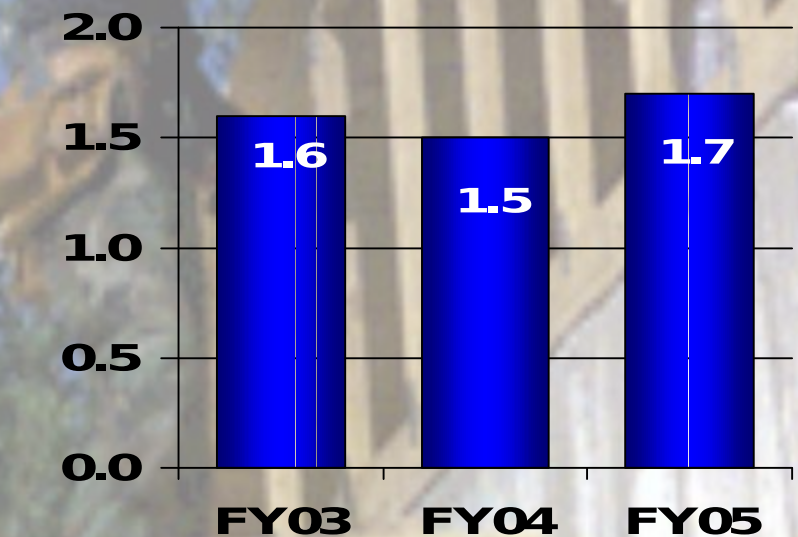
- **Replaces 2,214 units**
- **Renovates 1,349 units**
- **6 privatization projects 6,847 units**

FY05 Total MFH 10,410 units

- **AF will eliminate inadequate housing units in CONUS by**

\$1.7B Puts Us On Track to Eliminate Inadequate Housing

\$B Funding Profile



MFH Privatization

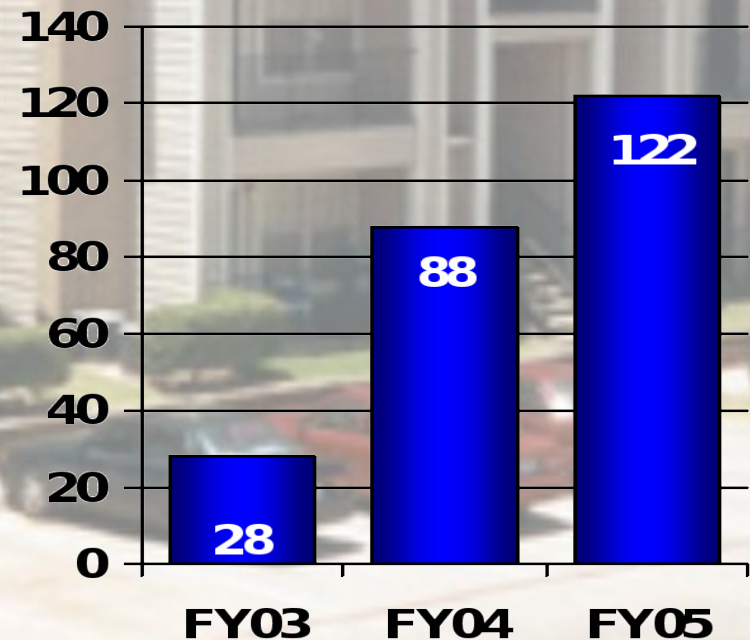
Background

- *Privatization is one component of AF Corporate Strategy to revitalize all inadequate MFH units*
- *Planned effort totals 49 projects with 48,700 units to meet the 2007 goal (2009 for overseas)*

FY05 Funding

- *6 new FY05 privatization projects totaling 6,847 units*
- *Funds definition, acquisition, and oversight phases of 39 projects executed through FY05-07*

\$M Funding Profile

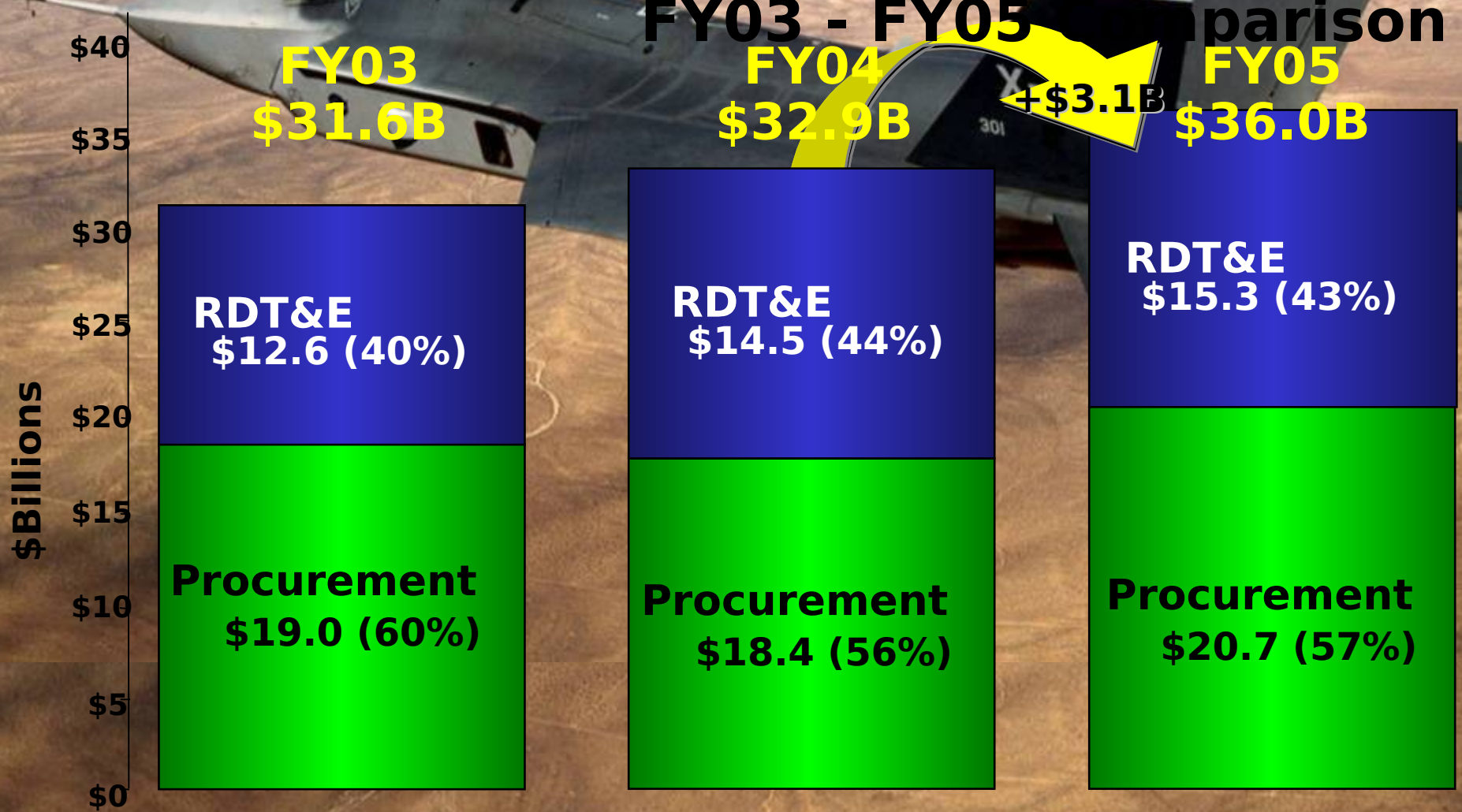


Continues to Support Our Number 1 Resource - People!



Modernization / Transformation

FY03 - FY05 Comparison



FY05 Continues Transformation and Integration



Background

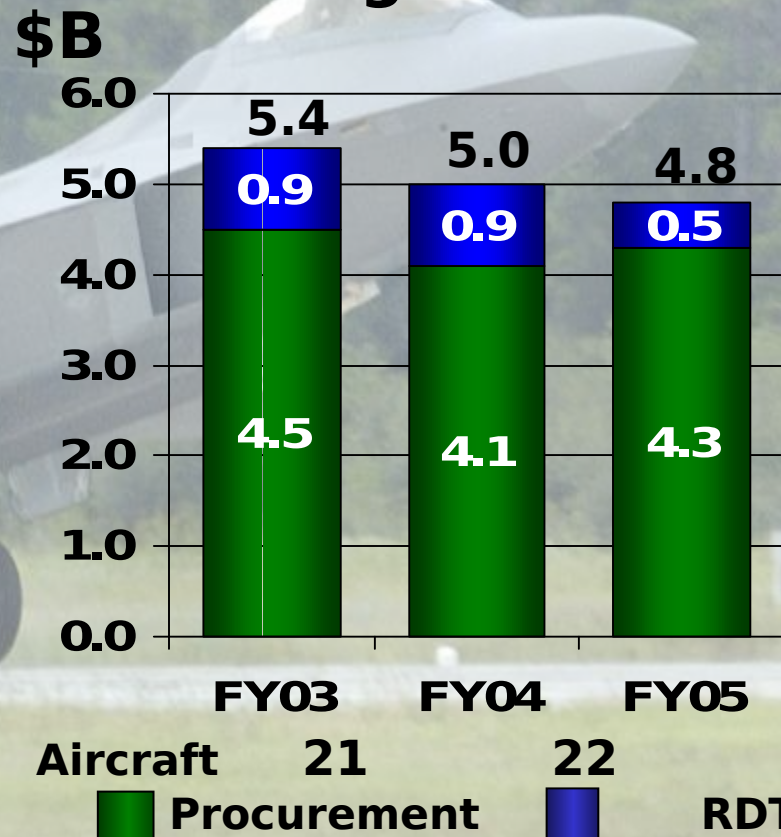
- *Allows joint and coalition forces to operate with impunity 24/7*
- *Only A/C capable of countering anti-access threats on day one of conflict*
 - *Only system capable against heavy defenses and mobile targets*
 - *Major component of cruise missile defense*

FY05 Funding

- *Procures 24 aircraft & continues smooth ramp-up to 32/year*
- *Provides Adv Buy for 26 FY06 aircraft*
- *RDT&E program on track and meeting or exceeding key performance requirements—IOC Dec 2005*

F/A-22 Raptor

Funding Profile



World's Most Advanced Fighter / Attack System
Supporting Joint Operations Worldwide



Joint Strike Fighter (F-35)

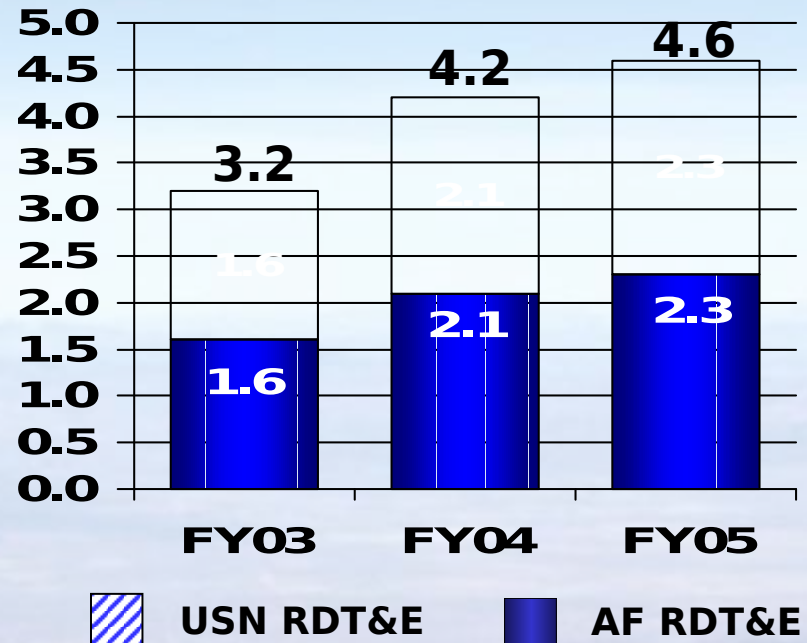
Background

- *Conventional, carrier, and short take-off and landing*
- *Joint USAF, USN, USMC, & International Program*
 - *8 international partners, providing over \$4.5B*
- *Just completed the 2nd year of an 11 year development program*

FY05 Funding

- *Restructures program, realigning funds from production to development for additional design*

\$B Funding Profile



JSF Complements F/A-22 to Provide Persistent Force in Future Conflicts

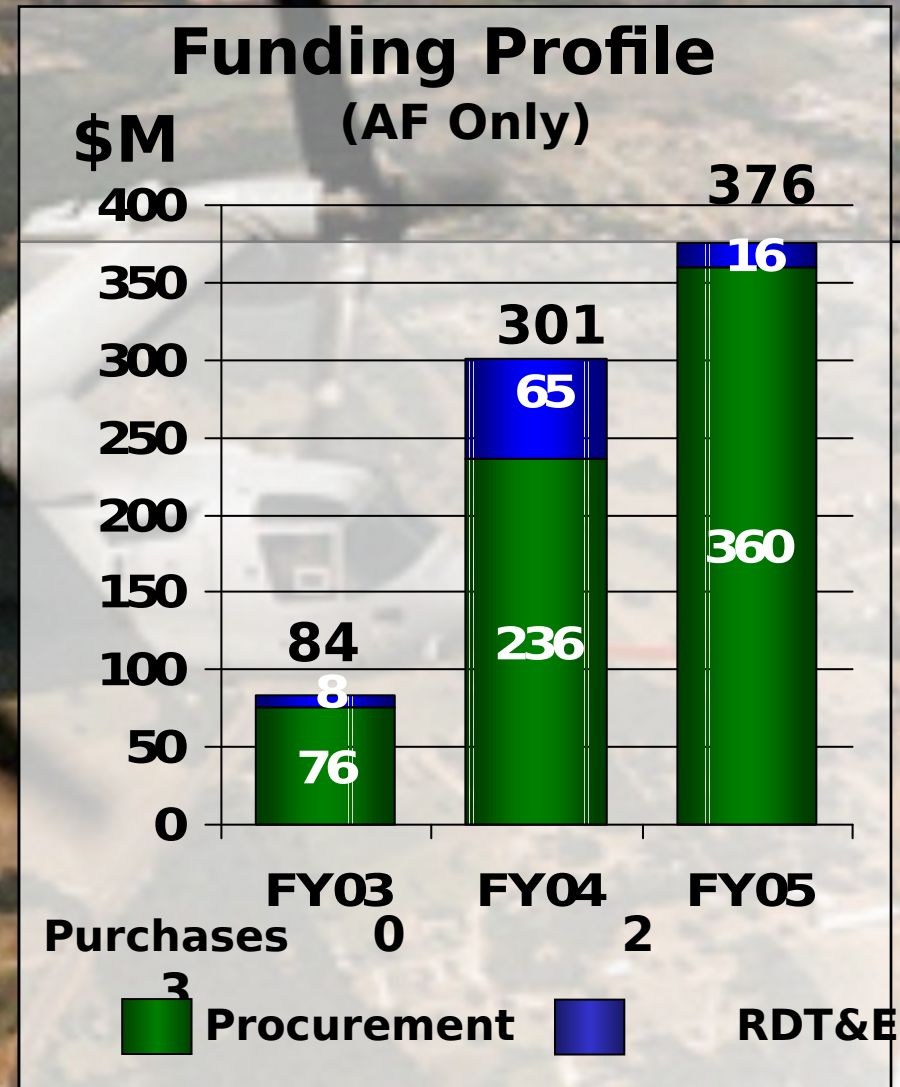


Background

- *Provides long-range, high speed infiltration, exfiltration, and resupply to special forces teams*
- *Department of Navy program done primarily for USMC with an Air Force program manager*

FY05 Funding

- *Procures 3 aircraft, long lead parts, support equipment, and spares*
- *Continues test support and navigation & safety*



Committed To Modernizing Our Special Operations Forces



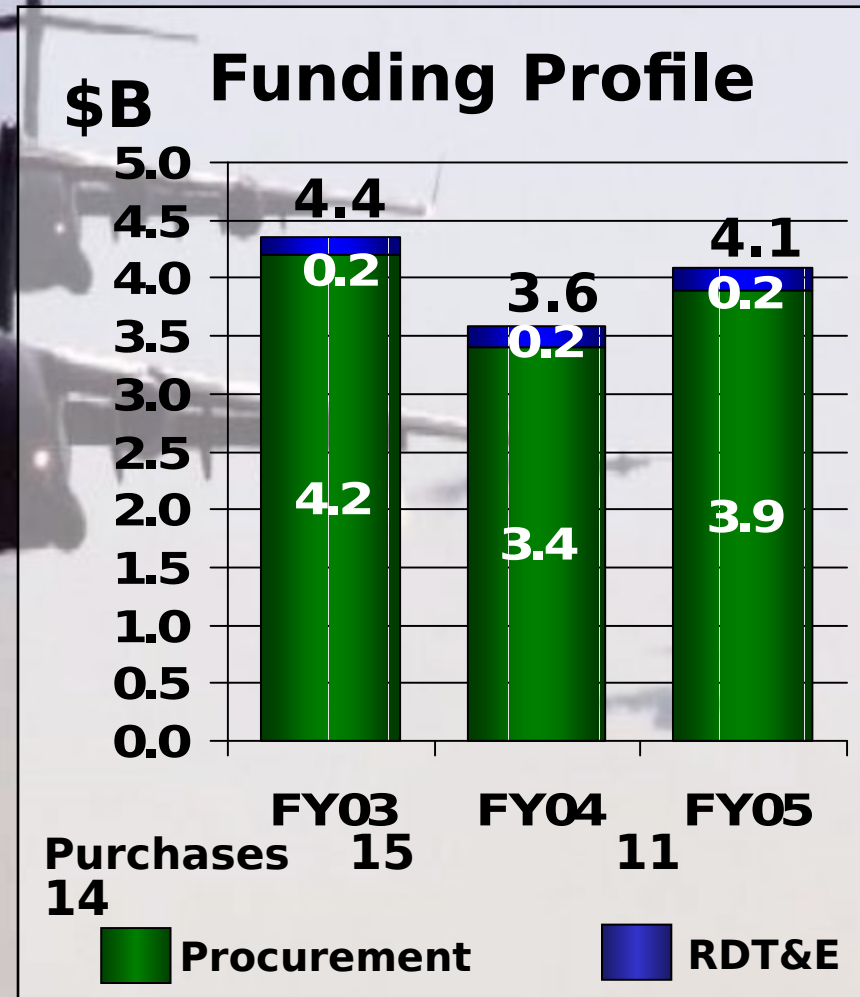
Background

- *Wide-body aircraft capable of airlifting outsized and oversized payloads over intercontinental ranges with or without in-flight refueling*
- *Provides rapid direct delivery of forces by airland or airdrop into austere tactical environments*
- *Proved invaluable in OEF/OIF*

FY05 Funding

- *Continues multi-year contract by funding 14 aircraft, long lead and bulk parts purchases, modifications, and fleet sustainment*
- *Maintains the planned economic production rate of*

C-17



Provides Unmatched Direct Delivery Capability to Austere Airfields



Background

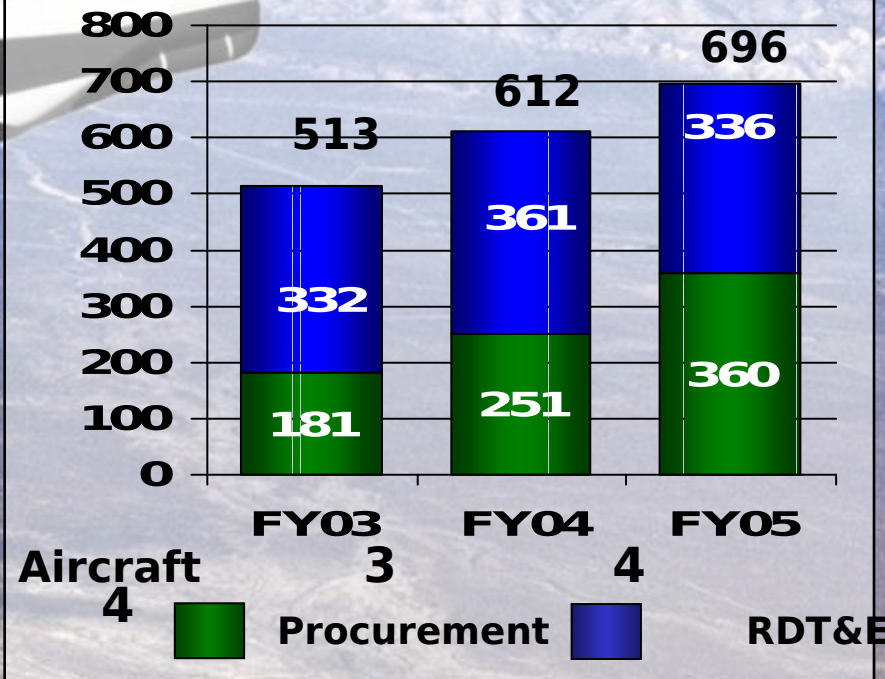
- **Unmanned, high altitude, long range aircraft for reconnaissance and persistent theater surveillance**
- **Highly effective in Afghanistan and Iraq, FY05 funds build on this success**

FY05 Funding

- **Procures 4 air vehicles/sensors; increased funding for spares & support equipment; advance procurement for 6 air vehicles in FY06**
- **RDT&E funds develop ground moving-target and signals intelligence capabilities with**

Global Hawk

\$M Funding Profile



Unique Capabilities to Respond and Persist
-- Denies Enemy Sanctuary



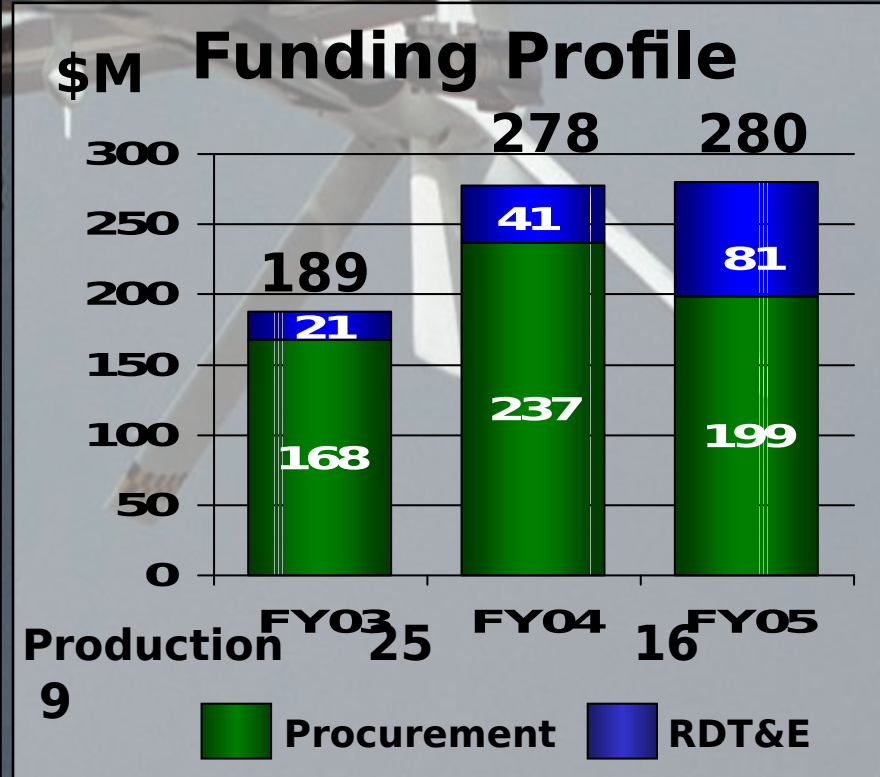
Predator

Background

- *Major contributor in GWOT*
- *Equipped with multiple sensors capable of transmitting near real-time imagery*
- *Weaponization incorporates a laser designator and Hellfire missile capability*

FY05 Funding

- *Procures 7 Predator As & 2 Predator Bs*
- *Procures ground control system, satellite comm system, and spares / support equipment*
- *\$20M for procurement of 235 Hellfire missiles*
- *Doubled RDT&E to further*



Hunter-killer, Reconnaissance, Surveillance, and Target Acquisition Asset



Joint Air-to-Surface Standoff Missile (JASSM)

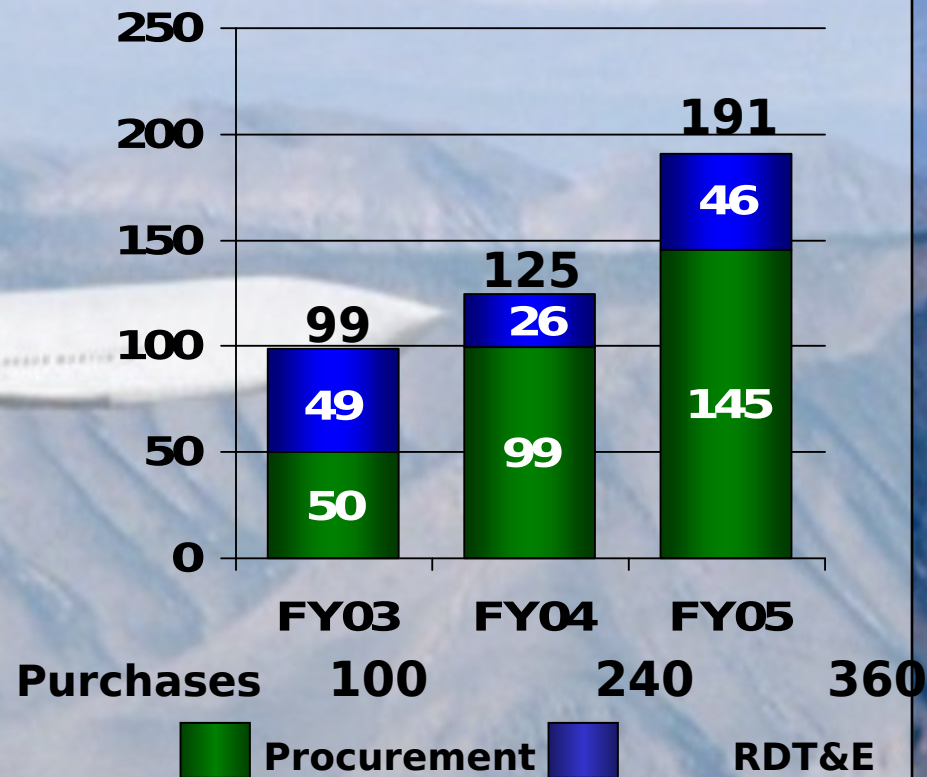
Background

- *Joint Air Force/Navy program with Air Force as lead service*
- *Provides long range (>250nm), conventional air-to-surface, autonomous, precision guided, standoff cruise missile*
- *Planned to be carried on bomber and fighter aircraft (B-52, B-2, B-1, F-16, F-15 and Navy F/A-18E/F)*

FY05 Funding

- *Purchases 360 JASSMs*
 - *First full-rate production lot*
- *Supports Extended Range program*

\$M Funding Profile (AF Only)



“Kick Down the Door” Type Weapon for Early Stages of War



Small Diameter Bomb (SDB)

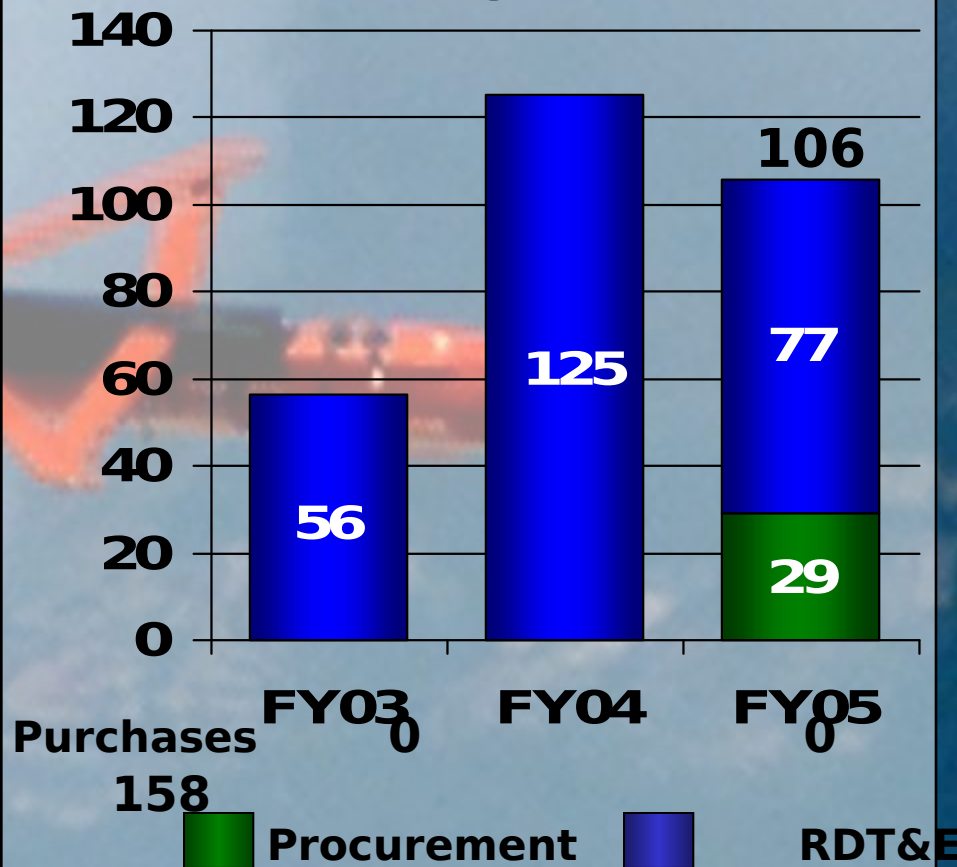
Background

- *Small (250 lbs), highly-accurate, stand-off weapon increases aircraft load-out and kills per sortie, while minimizing collateral damage*
- *Six successful guided weapon drops*
- *Component Advance Development (CAD) complete*
- *Sample objective aircraft includes B-1, B-2, JSF, F/A-22, F-16, and B-52*

FY05 Funding

- *Continue aggressive System Development & Demonstration*
- *Provides 158 bombs in Low*

\$M Funding Profile



Small / Accurate SDB Minimizes Collateral Damage

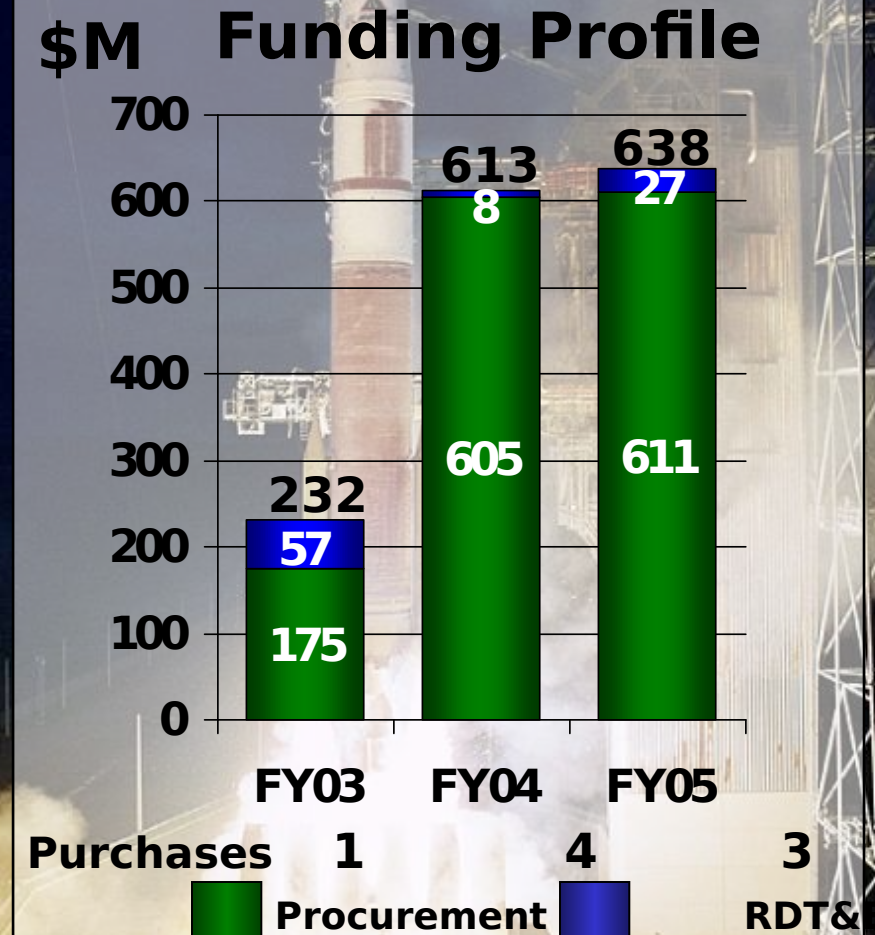


Background Evolved Expendable Launch Vehicle (EELV)

- *Replaces legacy launch vehicles with two launch service providers (Boeing-Delta IV and Lockheed Martin-Atlas V)*
- *Due to Nunn-McCurdy Breach, program is certifying to Congress that EELV is vital to national security and there is no alternative at less cost*

FY05 Funding

- *Funds three launches*
- *Covers expected price increases due to downturn in the commercial launch market*
- *Maintains two vehicle designs for assured access to space*



Next Generation Space Superiority Launch System



Background

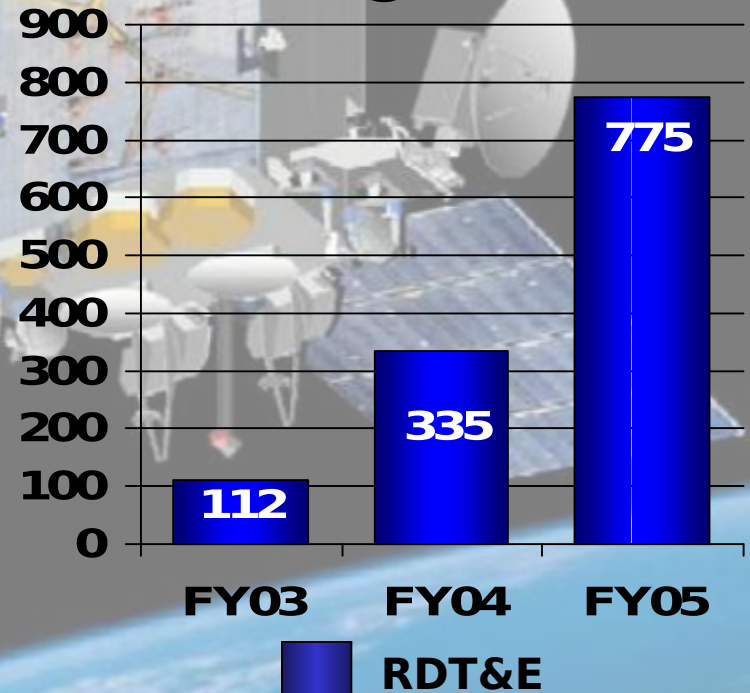
- *Will provide warfighter wideband, protected, and strategic comm*
- *Will incorporate laser, radio frequency & links with Global Information Grid*
- *Will support ground forces comm-on-the-move users & ISR requirements*

FY05 Funding

- *Maintains 2 contractors thru System Design Review*
 - *Risk reduction activities for Digital Processor & Laser Comm*
- *Also downselects from 3 contractors to 1 to develop Mission Operations System*
- *Re-phases first launch of five*

Transformational Communications

\$M Funding Profile



Critical Enabler for Horizontal Integration for the Warfighter



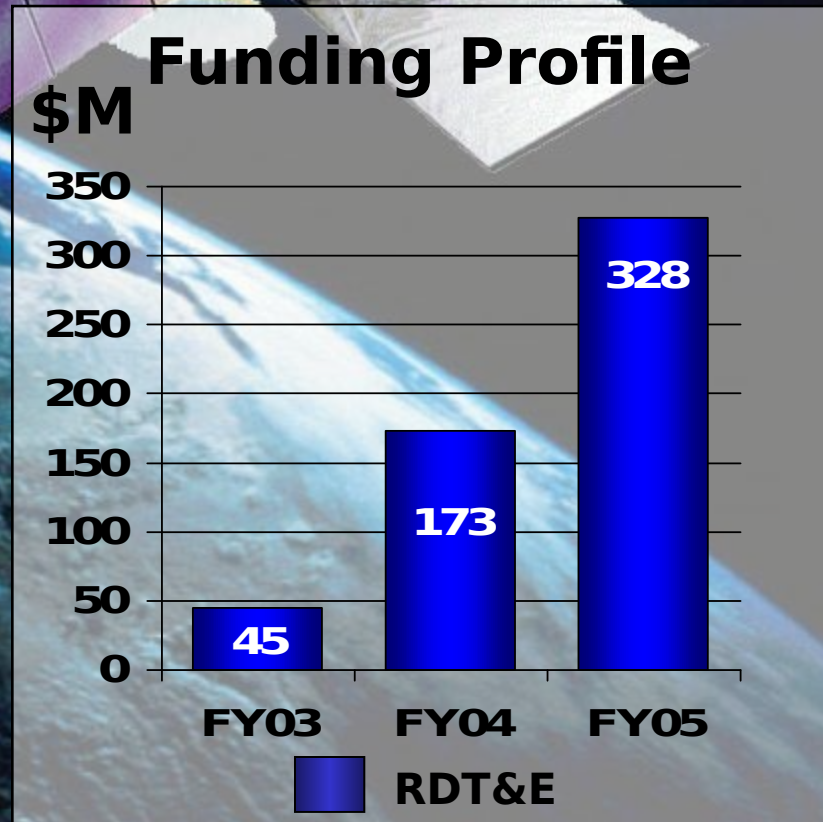
Background

- *Will be part of larger space & aircraft portfolio of ground moving target indicator assets*
- *Will provide*
 - *Global all-weather coverage*
 - *Synthetic Aperture Radar*
 - *High-resolution terrain data*

FY05 Funding

- *Continues risk reduction activities for 2 prime & payload teams-- downselect in FY06*
- *Continues system architecture & engineering &*

Space Based Radar (SBR)



Enables Commanders to Apply Military Power With Precision



Air Force Budget FY03 - FY05 Comparison

FY03

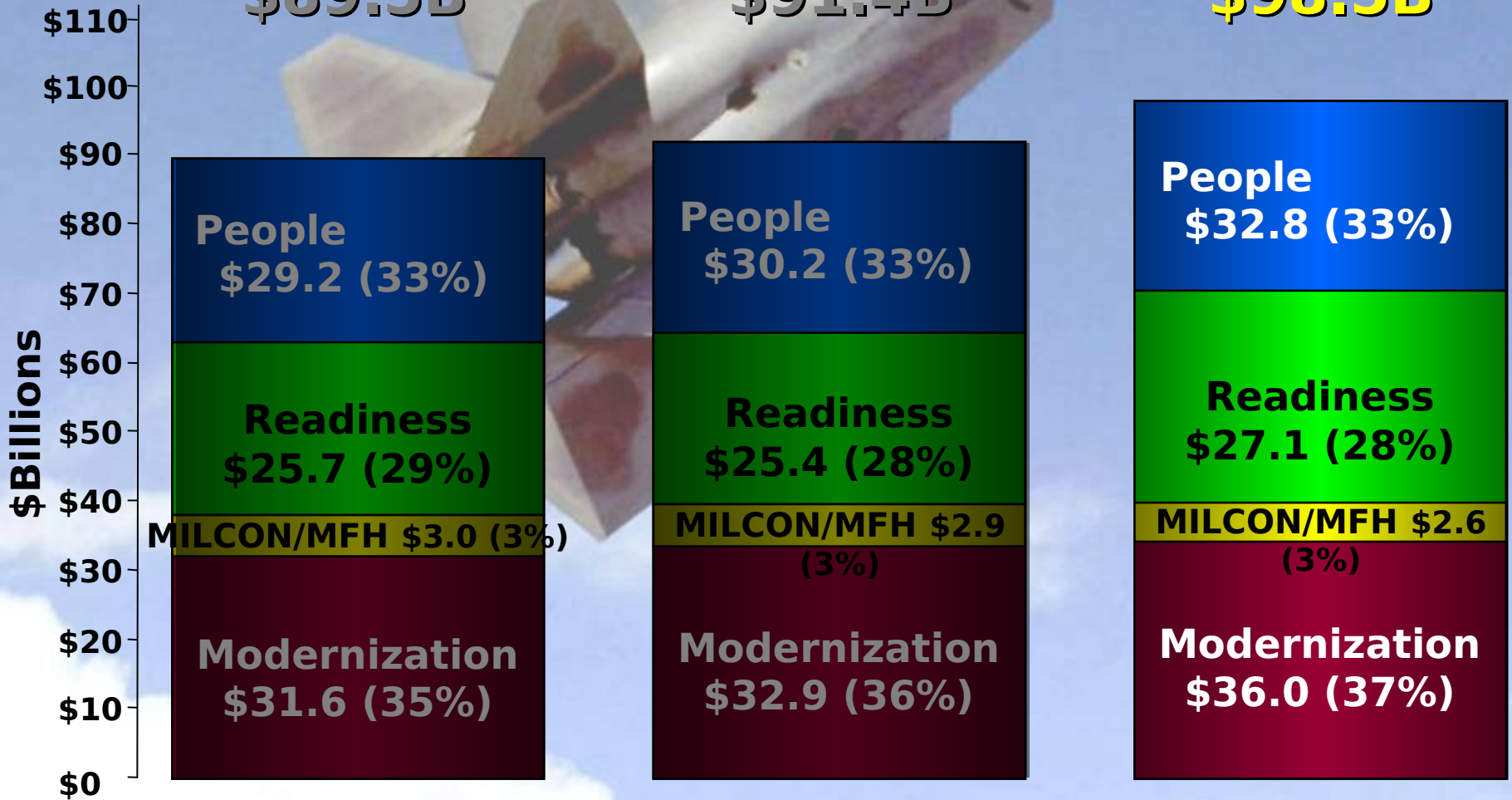
\$89.5B

FY04

\$91.4B

FY05

\$98.5B



The Air Force's FY05 Budget

- ***Invests in a Portfolio of Military Advantages That:***
 - ***Develops and Takes Care of AF People***
 - ***Maintains Readiness***
 - ***Continues to Improve Infrastructure***
 - ***Transforms Capabilities to Support the Joint Warfighter***



U.S. AIR FORCE

